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A HEART TO HEART TALK WITH THE EDITORS OF JAPAN

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When Baron Shibusawa visited the United States last year on his mission of peace and a better understanding, he invariably prefaced his talks to the newspapers with the statement, that "the relations between his country and America were always intimate and cordial until about 1905 when the situation was altered by an unfortunate policy of discrimination against Japanese immigrants in California." Constant iteration and reiteration of this statement has convinced the Japanese from the highest to the lowest, that America was solely responsible for the change in friendly sentiment.

Baron Shibusawa proclaimed that he wanted a frank and honest talk, straight from the hearts of men to men, and while he undoubtedly had these private talks with those he visited, it was impossible to induce him publicly to answer questions that in any way conflicted with the viewpoint of Japan. We hold the utmost respect for the venerable philanthropist and humanitarian of Japan, but fair-play demands clarification of the point raised by him in his interviews and talks. There are always two sides to every question. We will attempt to explain the American viewpoint and present some pertinent and incontestible facts.

American sympathy and friendship for Japan is proverbial. Notwithstanding all the recriminations on either side it still exists. If these sentiments have in any way altered, and a feeling of distrust has arisen to take its place, it is traceable to Japan's own methods, and the difficulty of understanding her viewpoint. American friendship for China is also whole-hearted, and we desire that these pacific people, who for centuries have lived up to their ideals that Right is Might, should be treated with justice; otherwise there can be no peace in the world of to-morrow. The Powers stood by Japan while she was passing through her crucial period of transition, and we hold that Japan should, in turn, exercise restraint and patience with her weaker neighbor while she is also putting her house in order.

American sympathy and friendship for Japan was fully demonstrated during the war with Russia. It is now an acknowledged fact, that, although victorious on land and sea, prolongation of the war meant financial exhaustion to Japan, with the possibility of certain defeat as her armies were lured into the bitter cold of northern Manchuria, far removed from their base of supplies at Port Arthur. As a matter of fact, Russia contends that had the war lasted a few months longer, the tide of victory would have turned in her favor. This statement can be substantiated by various admissions of Japanese publicists made since the termination of the war. As a sample of these,

we take the most authoritative from the *Memoirs of Count Hayashi*, who says:—

"Although a great deal of criticism has been published about the unsatisfactory conditions signed at Portsmouth, those who know the real circumstances recognize that at the time the negotiations were in progress it was absolutely necessary for us to make peace. There were similar reasons for the conclusion of the convention under discussion, (the second Russo-Japanese Convention) and it is in such circumstances, when explanations to the public are obviously impossible, that diplomatists find themselves in the greatest embarrassment.....It was absolutely impossible for anyone who knew the real facts of the internal conditions and of the military situation to expect us to reap much advantage from the Treaty of Portsmouth. It was natural that the treaty should have many imperfections."

It is essential that this truth be established and admitted by the Japanese, for, at that juncture, the hard-pressed Japanese Government solicited President Roosevelt to use his good offices to bring about peace. True to the traditional friendship existing between the two peoples, President Roosevelt immediately responded, and succeeded in bringing about the negotiations terminating in the Peace of Portsmouth. The diary of the late John Hay, mentions the incident and so removes the ban of silence and permits a freer newspaper mention of this otherwise sealed chapter of international diplomacy. As a result of the friendly response of President Roosevelt, Japan saved her hard won position, but was compelled to forego the money indemnity on which her people had set their hearts. It is only necessary to read Baron Suyematsu's book, *The Risen Sun*, written during the progress of the war, to understand how keenly the Japanese anticipated this financial compensation from Russia. There was to be no compromise. Russia would have to pay up.

At the end, however, the Japanese Government knew they could never enforce the demand for an indemnity. Count Hayashi's confession admits of no misinterpretation. Baron Komura, the Japanese peace plenipotentiary, fully understood the meaning of his mission when he departed from Japan for Portsmouth. He foresaw that on his return his political future would be blasted. Komura was a noble man, a true Samurai, a patriot. He sacrificed himself for the best interests of his country. The indemnity could not be enforced, so the enormous costs of the war had to be shouldered by a people already overburdened with taxation and debts.

The world cannot forget the violent anti-American demonstrations which swept over Japan when the news of the

Portsmouth peace terms was communicated to the masses. It was only last year that some Japanese jingoes suggested the idea of celebrating the anniversary of these anti-American outbursts to keep alive the feeling of hatred then engendered. Can it be denied that the people of Japan, enraged at having to bear the costs of the war themselves, accused the United States of intervening in behalf of Russia to deprive them of the lawful fruits of victory? Ignorant of the financial straits of their government, and seeing only the glorious victories of their arms, they could never understand why they had to relinquish the right to a huge indemnity.

I ask any honorable editor of Japan whether his government has ever fully informed the people of its dire straits at the time it requested President Roosevelt to intervene in behalf of peace? Why did the Japanese authorities permit a friendly act at a time of great national stress, to be deliberately misconstrued and serve as the motive of violent anti-American outbreaks and the genesis of anti-American sentiment? Why, up to the present time, are the people of Japan permitted to believe that America intervened to deprive them of the indemnity? Was this a grateful return for the disinterested friendship of America? As long as Japan of her own accord refuses to acknowledge the service, or fails to acquaint her own people with the facts, Americans can only wonder at a code of political ethics which approves of such methods.

Japan forgets these matters, and her publicists are fond of tracing the change in the friendly relations to the school incident which culminated *after* the Peace of Portsmouth. The agitation against the admission of Japanese children to the schools of San Francisco was initiated in May, 1905, or four months before the peace convention, and before President Roosevelt was approached by Japan in the interests of peace. The attitude of President Roosevelt in responding to Japan's request, and in his subsequent emphatic stand in defense of the school children is ample evidence of the kindly and friendly feeling that then existed. Did the Japanese ever stop to think that it was these same methods of evading the facts, denying the truth, and misrepresenting the situation, that was largely responsible for the change in American sentiment towards them? Americans respect above all things straightforwardness and truthfulness. This is particularly true of American journalists who create public opinion.

The Peace Convention at Portsmouth was a great international event. The leading newspapers of the world sent their most trusted and competent correspondents to report the proceedings. American correspondents assigned to this work, many of whom are now editors of prominent journals, still retain vivid recollections of the Japanese methods there employed. It is better that Count Hayashi tell the story. It is more authoritative and convincing coming from Japanese sources.

"When the negotiations were proceeding at Portsmouth it was Dr. Dillon (of the London Daily Telegraph) who controlled the American Press for the benefit of de Witte. At that time most of the prominent British and American correspondents who had collected at Portsmouth had gone there inclined to be in favour of Japan. Dr. Dillon used these men to publish the real existing state of affairs without any reserve whatever, and was unrivalled by anybody on the Japanese side in creating a favorable public opinion. He did it almost entirely by relying on the influence of the American papers, to whose correspondents at Portsmouth he always stated the exact position of affairs. On the Japanese side, on the other hand nothing was done like this. True, there was a member of the Japanese Foreign Office Staff attached to the Peace Commission, and it was supposed to be his duty to receive the newspaper men. In fact he had nothing else to do but that. But he made his principal task the denying of every statement which might appear.

"In view of my experience in diplomacy I considered that such a course was a matter of the greatest regret. Comparing the action of the sides at Portsmouth as regards the Press, it was only natural that the umpire's fan was pointed at Japan from the very outset of the negotiations, and she was never able to recover from the unsatisfactory Press position into which she allowed herself to fall, a position which was principally due to

the fact that the Japanese authorities preserved far too much silence as to the progress of the negotiations."

This description is true to fact. The sympathy of America was overwhelmingly in favor of Japan at the opening of the conference. But the first actual contact between American journalists and Japanese tactics undermined the long established understanding, and created misgivings that still exist. Do the Japanese recall the name of the member of the Foreign Office Staff assigned to this duty? It was Mr. Aimaro Sato. Twelve years later, or to be exact, at this very date, this gentleman, having climbed the ladder of Japanese officialdom, is on his way to Washington as Ambassador, to succeed Viscount Chinda. Japan has confided the delicate task of preserving American friendship to the official who was so largely responsible for the change in sentiment. Surely the Japanese have not forgotten. American journalists have not forgotten Mr. Sato. Let us hope that Mr. Sato has changed with age and experience, as this is no time for the employment of similar tactics.

With the establishment of these pertinent facts, we can now turn to a passage in Mr. K. Kawakami's book, *Asia at the Door*.

"When the plenipotentiaries of Japan and Russia met at Portsmouth to negotiate peace, the tide of public opinion began to flow against the Japanese. By the time the conference came to a close Russia had virtually been substituted for Japan in the sympathies and good-wishes of the American newspapers. Not only had Witte defeated Komura within the walls of the historic 'storehouse' utilized for the conference, but he had outwitted the Mikado's envoy by befriending the press of the world, whose representatives were gathered at the Hotel Wentworth. The late Marquis Komura with all his shrewdness and foresight, never fully realized the power wielded by the press. He was always so cocksure of the justness of his stand, that in adhering to it, he never recognized the necessity of having editorial sympathy on his side. Most of all, he disliked the corrupt means so frequently employed by those statesmen who with Robert Walpole believe that 'every man has his price.' What wonder that almost simultaneously with the triumphant exit of Count Witte from the great diplomatic stage at Portsmouth, American newspapers began to publish all manner of insinuations with regard to Japan." (The italics are ours).

"This new turn of public sentiment was at once seized upon by those great interests whose business was and is to make capital out of the war scare often created by themselves. They manufacture war talk in order to increase demand for the war ships and guns and powder which they manufacture. There is no doubt that the clandestine activities of these interests greatly assisted in the alienation of American sympathy from Japan."

Unbiased readers will accept Count Hayashi's authoritative story as the logical and correct explanation of what took place at Portsmouth. The urgent reasons which compelled Japan to make peace, made a full explanation of the true state of affairs obviously impossible during the negotiations. Under these circumstances, the methods of Mr. Sato were perhaps pardonable and justified. The American correspondents, intensely sympathetic with Japan, and reflecting the editorial policy of their respective papers, could hardly be expected to understand the necessity of secrecy and the constant denials of apparent truths, at a time when Japan was posing proudly before the world as the great conqueror. On the other hand Japan could not admit the truth, without losing her dearly won prestige. Japan was then in exactly the position that the Entente Allies are now trying to place Germany, with this difference, the world is informed that no sympathy or charity will be extended to the latter until she is crushed. Suppose America and the Powers had entertained the same feelings towards Japan? What position in the world would she hold to-day?

Yet here we have Mr. Kawakami, accusing the American newspapers of having their price, and accepting bribes from Russia. This is one of the most striking illustrations of these reprehensible tactics of Japan's publicity agents in America in besmirching the characters of others in order to create sympathy for their own cause. It is all the more objectionable when it is remembered that Mr. Kawakami has received more kindly

consideration and free space in the columns of American newspapers than any other champion of Japan. He is an American citizen. We have looked upon him as one of us. In return for this generous treatment from American editors, he does not hesitate to impeach their honor and integrity when the interests of his native land require the acceptance of her viewpoint. If the American press has its price, it would be interesting to learn from Mr. Kawakami how much he and his co-workers in America have expended in the publicity propaganda on which they are now engaged. There are some very prominent newspapers in the United States who openly espouse the cause of Japan. Has the Japanese Government learned a lesson from Count Witte? At any rate, his statement is only another proof, that in the eyes of the Japanese, those who disagree with their viewpoint, do so from dishonest motives. Without reflecting on the integrity of British journalists, the following quotations from the *Memoirs of Count Hayashi*, are singularly appropriate at this juncture:—

"No account of Hayashi's tenure of the Vice-Ministership should fail to notice his influence on the Japanese vernacular Press. His own connection with Mr. Fukuzawa, the proprietor of the *Jiji Shimpō*, gave him a special interest in that paper, which became and remained until his death the organ of his views. Hayashi was the first Japanese statesman to realize and utilize the power of the *fudo* (pen-brush). By the intimate relations which he established with the leading journals, Hayashi laid the foundations of that extraordinary system of Press control which has since been one of the features of the Japanese bureaucracy.

"It is a matter for regret that he did not confine his activities to the Press at home, and to such foreign papers in Japan as were willing to become the subsidized organs of the Government. But wherever he went, he carried his Press Bureau with him. On his arrival at Peking as Minister, it was noted as a sign of his up-to-date methods, that three accredited journalists were included in his official suite. The system which he initiated has since been carried to extremes, as was shown by the refusal a few years ago of the Minister of Finance to submit to the Diet the accounts of the Imperial Japanese Financial Minister in London, as the sums in question included various items for the entertainment of London journalists."

Commenting on the estimation in which Japan was held prior to the Sino-Japanese war, Mr. Pooley says:

"On the whole there was a disposition in England to treat Japan well. The progress she had shown and the nerve she had displayed created a sentimental feeling in her favor, which was well displayed by Tenniel's cartoons in 'Punch'. The Japanese Foreign Office fostered and developed this attitude by the most wonderful press campaign the world has ever seen. The very careful manner in which the oracle was worked closed the usual avenues by which a knowledge of the true sentiments, the true policies and the real intentions of Japan could pass to the outer world."

Could it be possible that the Japanese have adopted the tactics of Russia, and have set aside large sums for corrupting the press? Perish the thought! Japan is so sure of herself, and the justness of her cause, that she would never, never be guilty of such methods. Yet it would be interesting to know exactly what it costs to operate all the ramifications of the publicity work in America. It is reported that the Japanese Government, either directly or indirectly through semi-official connections, expends annually about \$250,000 gold in America alone. How much has been invested in American newspapers? What about the big deal to buy a controlling interest in a leading New York daily, to be edited by one of the American auxiliaries of the system? The war postponed the deal. It is now called off. A near relative of one of the interested parties prattled the story in a New York drawing room. The facts are known.

No! Japan would never corrupt the press. She has no funds for this purpose. But any one, even an American, who takes the opposite viewpoint in favor of America, must, of necessity, be in the pay of armament and ammunition manufacturers, and he who believes that China is not receiving a square deal from Japan, is sowing seeds of hate and discord at the behest of his Chinese em-

ployers. You can't beat the Japanese at this game. If you agree with them, you are showered with attentions, the Mikado pins the Order of the Sacred Treasure (a very appropriate name) on your manly breast, and turns you loose with the obligation to reciprocate, and uphold Japan at any and all times. If you fail to see things eye to eye with Japan, there is no help for it; you are a rascal, a disturber of the peace, a bribe-taker, and the star American writer attached to the publicity bureau in New York, calls down anathema on your head, and holds you up to the people of the country as an unscrupulous journalistic adventurer. It will be necessary for me to refer again to this fundamental defect in Japanese methods, but at present, I desire to point out and emphasize as strongly as possible, that this policy of denials, of misrepresentation, of tergiversation, is the predominant characteristic of the publicity system in America.

The most important work of the press bureau in America seems to consist in denying at once any facts that may leak through the meshes of the censorship or the official news factories in Japan. It undertakes the task of faithfully and exclusively reflecting the real viewpoint of Japan, by contradicting the opinions and words of prominent Japanese publicists when they touch on foreign policy. When Mr. Taketomi, Mr. Kayahara, Mr. Takekoshi, the Marquis Okuma, or others, make statements in Japan that vary in the least from the idea that Japan is the most pacific nation in the world, it is the duty of the press bureau in America to contradict and classify them as irresponsible utterances, and when an American attempts to tell his own countrymen what he knows about conditions in the East after years of experience on the ground, the press bureau either direct or through some of its American auxiliaries, discredits the audacious writer, by attacking his motives, questioning his veracity and integrity, charging him with being in the pay of the Chinese, and other unmanly tactics calculated to destroy his usefulness and reputation. The object of the press bureau in America is to keep always before the American people the picture of beautiful Japan, its geishas, its temples and tinkling bells, its cherry blossoms and chrysanthemums, the spirit of Bushido, the wonderful feats of the Samurai, Yamato Damaishi, and other five-o'clock-tea twaddle for the edification of the ladies and artistically inclined males who revel in that class of literature. It is this mask which effectively disguises the implacable, arrogant and defiant features of militant Japan as revealed through the writings and speeches of her jingo editors and statesmen. Japan may be the most pacific nation in the world; she may have the most honorable intentions towards her weaker neighbors; she may be preparing a huge army and navy for purely national defence; but we cannot overlook the significant fact that the press of the country reeks with articles from her foremost statesmen, professors and others, which give the lie direct to the above sentiments. "The press is the nursery for statesmen in Japan," we are told by Mr. Zumoto. It is. "There exists the closest connection between the Government and the vernacular press in Japan. The Bank of Japan, the Ministry of Finance and the Foreign Office each have their own organ of publicity, while every leading statesman has some paper wedded to his views," testifies Mr. Pooley. The press reflects the true spirit of Japan. It is almost impossible to find a writer who deprecates militarism and aggression on smaller and weaker states. But with these truths so apparent to those who have the opportunity of reading for themselves, the official press propagandists in America deny and impugn the motives of any one who attempts to explain this side of the situation to the American people.

Don't argue with anyone who holds contrary opinions—discredit him. This is the way the oracle is so successfully operated. It succeeded in England; it is being worked in America. Let me recall a case or two.

Shortly after the twenty-one demands were presented to President Yuan at Peking, I arrived in London, with the full facts. I was discredited before my arrival, and, in addition, through the influence of the Japanese Embassy, the foreign editor of *The Times* had cabled a reprimand to his Peking correspondent for sending such exaggerated and untruthful reports. A few weeks later I arrived in New York. The oracle was working overtime in America. There it had audaciously

suggested to the trustful Secretary of State, that he should accept only the news coming from Tokio. At a public meeting of the Christian Church Societies, held at that time in New York, Dr. Sidney L. Gulick, a most pronounced pro-Japanese publicist and lecturer, openly declared that "the Chinese news is manipulated by German interests for the promotion of tension between China and Japan as well as America and Japan." He then gratuitously added, "*News emanating from Peking is thoroughly unreliable and judgment should always be suspended until confirmed.*"

Here we have a full disclosure of Japanese methods. Discredit the other fellow—hit him hard, and hit him quickly, and if you can, hit him below the belt. So Dr. Sidney L. Gulick, proudly wearing the insignia of the Sacred Treasure, and doing his Master's bidding, lost no time in pointing the accusing finger at Germany; as though Germany didn't have enough to answer for without this. In attempting to discredit and destroy the usefulness of the Peking correspondents, the agent of Japan overlooked the important fact that with one exception, the newspaper correspondents stationed at Peking were most loyal and patriotic Britons. The exception was the American correspondent of the Associated Press, wedded to an English lady. Can we picture these gentlemen filing into the German legation compound at Peking, and taking their instructions from the representatives of the Kaiser? This made no difference to the system. Somebody had to be discredited, and quickly, to establish the Japanese side of the case, long enough to accomplish her end. So the American tools of Japan insulted the intelligence and patriotism of the British newspaper correspondents at Peking and accused the high Chinese government officials of falsifying the facts. There are other instances, but the above are sufficient to establish the point.

This is the fundamental defect of the system that the Japanese Government is expending enormous sums to sustain. It is money wasted. If Japan hopes to gain the complete confidence of the American people, let her put an immediate stop to this campaign of denials and misrepresentation. Let her place her problems frankly before the world. It is the only sure method of attracting attention and creating sympathy.

What is the object of a press campaign in America, working in close harmony with an official news service, supervised by a vigilant censorship, and supported by government control over incoming and outgoing cables and mails? Why is it so essential to the peace of the two nations that the Japanese viewpoint be so vigorously propagated? Why is it not just as important that the American viewpoint be fully explained to Japanese readers? Is it because the Japanese are so cocksure of the justice of their side of the many issues, that they refuse to tolerate any arguments in contradiction? Would the Japanese authorities, the Japanese press, quietly consent to the maintenance and operation of a foreign publicity bureau in Japan, whose work might in any way conflict with the established government policy? The audacious foreigner would be politely advised to leave the country.

Yet the Japanese Government directly or indirectly is openly supporting a press propaganda in the United States in the interests of peace between the two nations; peace on the terms of Japan, a peace that contemplates the full acceptance of the Japanese viewpoint. To accomplish the object its agents do not hesitate to descend to all manner of unworthy tricks to obstruct a full and intelligent discussion of the other sides to the issues. There is an American viewpoint, an honest one, and a friendly one. There is also a strong Chinese viewpoint, as to what is best for their country. It is only necessary to quote from the Japanese press, to over-prove that the Chinese, and those Americans interested in China, are fully justified in doubting the sincerity of Japan's protestations of good faith towards this defenseless nation. Yet with all these facts before us, with the proofs of Japanese aggressions upon China clear to the world, with the emphatic statements of the Japanese press which leave no room for doubt, we are told that we must accept the Japanese viewpoint or there will be trouble. Let us recall the words of Dr. Iyenaga, the head of the Japanese publicity bureau in America, when, at the Hotel Plaza on May 19 of last year, he uttered the following warning:

"Unless America comes to an understanding of the Japanese viewpoint, I indulge in the prediction that there will be more serious disturbances in the relations between Japan and America than has been caused by the California affair."

It is true that he also added that Japan intended to be the best friend of China, but the quality of that friendship was subsequently made plain to the world by the disclosure of the twenty-one demands and the text of the treaties signed by China under compulsion. Notwithstanding all the talk of friendship, there has been no indication on the part of Japan that she is sorry or willing to apologize for her brutal conduct of last year, or restore to China the plunder taken by force. On the contrary, there is every indication that further humiliation is in store for China.

Yet the Japanese loudly insist on the acceptance of their viewpoint, and, as Mr. K. Kawakami says, "the trouble with American critics of Japanese policy in China lies mainly in their persistent, willful refusal to recognize the Japanese point of view." He admits:

"We know full well that our attitude toward China is highly repugnant to the Chinese, who still dream of their past glory and of the age when Japan was but their pupil."

So the Japanese viewpoint is to humiliate China, and *save her in spite of herself*, notwithstanding that Count Hayashi confesses that the civilization of China is superior to that of Japan. In concise terms, the Japanese viewpoint is that they are going to do what they jolly well please in China—and, "the Powers be damned." The Chinese viewpoint is completely ignored. The Japanese admit that their attitude is highly repugnant to China, but Might makes Right, and China must bow down her neck to be ground under the heel of the conqueror. If China consents to all this, the Japanese will be very friendly. They can have peace—peace on Japan's terms.

The agents of the Japanese official press bureau in America accuse me of ferreting out every fault and defect about Japanese character, Japanese manners, Japanese civilization. I have learned that it is most difficult for any individual journalist to have his views on Far Eastern questions accepted by the editors of American papers, so successfully has the oracle operated in the United States. Therefore, I have reluctantly been compelled to base all my statements directly on the writings and utterances of Japanese authorities.

Two years ago, in a second hand book-store located on East 59th Street in New York City, I acquired over one hundred books on Japan, China and the Far East. They had just been placed on sale. Examination revealed them copiously marked with marginal notes; special passages were underlined. The bookseller informed me that he had bought the library of a noted Japanese writer who was retiring from literary work. The autograph name on the fly leaves of many of the books, disclosed the fact that they had formed part of the library of the most prominent Japanese publicist in America. Being an intelligent observer, I can hardly be censured for profiting by my investment and following a lead which was so carefully pointed out to me.

In conclusion, THE FAR EASTERN REVIEW intends to remain a true friend to Japan; we will be just as friendly to Japan as she is to China, and, in view of the fact that the Japanese Government deems it essential to maintain at great expense an elaborate publicity system at home and in the United States—a system that can only operate successfully by concealing the other side of the questions, and by discrediting all those who honestly entertain opposite views, we will hold it as a patriotic and journalistic duty to employ every means within our limited power, to acquaint the editors and leading men of America of the facts of the other side of the questions. If the Japanese viewpoint is so vital that it requires huge sums to propagate it in America, then it is high time that the American and Chinese viewpoint should receive elucidation. If Japanese gold is to be employed to discredit every reputable American journalist who has the temerity to disagree with Japan's viewpoint, Japanese publicists must not be offended, if they, in turn, are subjected to legitimate criticism by presentation of irrefutable figures and facts.

FOREIGN PROPAGANDA IN AMERICA

(From the Japanese American News)

Since the outbreak of the European war America has become a favorite rendezvous of foreign propagandists. Everybody knows that Germany has been conducting a vigorous campaign for the purpose of maintaining peaceful relations with this country and of creating ill-feeling towards England, and incidentally towards Japan. There is also a British and French campaign, though its methods seem to be subtler and less obtrusive than those of Germany.

Then there is a Chinese propaganda and a Japanese propaganda. The last-named two are the campaigns in which we are here particularly interested. Judging from the methods employed on both sides, there is obviously a wide difference in the Chinese propaganda and the Japanese. The Japanese propaganda is instituted for the sole purpose of maintaining and promoting peace and friendship between this country and the Mikado's empire. The Chinese propaganda is being conducted for the purpose of creating hostility between America and Japan.

It was about four years ago that Professor Jeremiah W. Jenks of the University of New York established in New York City a publicity bureau called the Far Eastern Bureau, financed by the Chinese government, or more accurately the Yuan Shih-kai administration. The object of the bureau was to enlighten the American press and public on the affairs and conditions in China. To attain this end the bureau published bulletins and circulars of such a nature as would show China in favorable light. So far the movement was not only legitimate but laudable, and we had every reason to wish it godspeed.

When the war broke out resulting in the Japanese campaign against Kiau-chow the Far Eastern Bureau became very censorious in its attitude towards Japan. When, after the fall of Tsingtao, Japan presented the now historic demands to the Chinese government, the Bureau's attitude towards Japan became hostile. Even then we had no reason to complain, for we knew that it was the duty of the Bureau to defend China. The Bureau is at liberty to criticize Japanese activities in China. As far as the criticism is confined to relations between China and Japan we are ready and willing to listen to all it has to say, even though it may express itself in words not palatable to us.

Besides the Far Eastern Bureau there are obviously a number of propagandists for China. Mr. George Bronson Rea is the most prominent of these propagandists. We do not say that all of these men are employed by the Chinese government. Perhaps some of them have no connection with the Chinese government. That is immaterial. The important fact is that these propagandists are acting upon the conception—to us a mistaken idea—that the estrangement of Japan and the United States is conducive to the creation of sympathy among Americans for China. They seem to think that in order to arouse America's sympathy for China they must destroy the friendship which the Americans now entertain towards Japan. To attain this end they have been painting Japan in the blackest colors. They have been ferreting out every fault and defect about Japanese character, Japanese manners, Japanese civilization. They have been striving might and main to create a bogey of the Japanese invasion of California and Japan's sinister designs upon Mexico and South America. They have injected the immigration question and the California anti-alien land law controversy into the Chino-Japanese situation, and have been arguing that Japan's ambition is not only to dominate China but to force emigration upon the United States and Central and South America.

This method of campaign is more unmanly than unjust. It is criminal to sow seeds of discord and hostility between such friendly nations as Japan and the United States all for the purpose of serving and promoting the interests of a third power. And when these propagandists for China resort to mendacity in their zeal to serve China and to alienate American sympathy from Japan, their conduct is worse than criminal. With all our

profound respect for Professor Jenks, director of the Far Eastern Bureau, we must deeply regret that he is evidently in sympathy and even co-operating with this class of propagandists.

When we say that Japan and the United States are friendly, we use the term "friendly" in conventional or diplomatic sense. We reluctantly but frankly admit that the feeling of the Japanese towards the Americans and vice versa is to-day no longer so cordial and happy as it was up to a decade ago. If things are permitted to drift with no restraining influence, relations between the two countries will become perilous.

It is due to this unfortunate knowledge that efforts have been put forth by the Japanese leaders of thought and affairs both here and in Japan to conserve and promote what is left of the former cordial relationship with the United States. To this worthy movement it should be the duty of all public-spirited Japanese in America to extend a helping hand. We only wish that the campaign can be conducted on a scale commensurate to the importance of the situation. As it is, we doubt that it can really accomplish anything to counteract the propaganda undertaken by other countries expending money with liberal hand.

Had Japan's leading publicists and statesmen wanted to break away from the United States, they certainly would not have launched any propaganda, however slight, for the preservation of peace between the two countries, but would have left things drift as they may, regardless of consequence. Had the Japanese wanted to fight the United States why should they have contributed \$246,000 towards the relief of the earthquake stricken city of San Francisco when the city had just expelled innocent Japanese children from its public schools; extended a magnificent welcome to the American squadron which visited Japan in 1907; and expended \$1,500,000 for the Panama-Pacific International Exposition upon the heels of the enactment of the anti-Japanese land law of California? In our judgment, the Japanese propaganda in America is wholly justifiable because its purpose is laudable. It is to the credit of the Japanese that the methods of this propaganda have always been legitimate, no recourse having ever been made to mendacity and falsification.

What the Japanese want to accomplish in this country is simple.

First, they want to convince the American people that they have no intention to force emigration upon the United States.

Secondly, they want to assure America that Japan has no intention to encroach upon the Monroe Doctrine.

Thirdly, they want the American authorities, Federal, State or municipal, to accord the Japanese residents here the fair and just treatment that is accorded other nationals.

Fourthly, as the corollary of the foregoing, they want to see citizenship extended to the Japanese.

Fifthly, they want to prove that American interests in China will not be injured by the extension of Japanese influence in that country.

Underlying it all is the intense desire of the Japanese to preserve amicable relations with the United States. In a word, Japan's propaganda in America is a propaganda of peace and friendship. This is the vital point which all Americans must remember.

On the other hand, the Chinese propaganda is a propaganda of hate, discord and hostility. It aims to embroil Japan and the United States over issues which in reality do not exist or which can be amicably settled. Out of such a propaganda no good can come to any nation. China, in particular, has nothing to gain but much to lose by this so-called pro-Chinese campaign in this country. It is indeed regrettable that the American agents of China are, wittingly or unwittingly, leading her into a most dangerous path.

THE PROBLEM OF THE RACES—II

The Weight of Numbers

In the previous article in last month's *FAR EASTERN REVIEW*, it was made clear that the great racial issue, which the Japanese insist is based on color prejudice, arises solely from economic causes intensified by the abnormal fecundity of the Mongolian races, which, in turn, is a corollary to their religion of ancestor worship. Due to this divergence in the customs of the two civilizations, the white races of Europe under normal conditions will double their numbers in 90 to 100 years, while the Mongolian races adhering to their conception of sex philosophy will accomplish the feat in from 50 to 60 years.

In discussing this aspect of this most intricate and delicate problem, it has been my purpose to establish the fact that the Asiatic races adhering to polygamy, concubinage, female slavery, child marriage, and other attendant evils, have entered into a new phase of their existence, and are now multiplying at a rate far exceeding their past records. If not controlled, this abnormal increase, as the years pass, will menace the civilization of the West, and unless we are prepared to meet it, we will go under, in the fight for existence, smothered by the sheer weight of numbers. In the past, floods and famines, plague, cholera and pestilence, earthquakes, tidal waves and typhoons, unsanitary surroundings, utter absence of hygiene and medicine, infanticide and desolating wars have placed an effective check on the abnormal multiplication of the population. If all these drawbacks to racial expansion are eliminated; if river control, railways, hygiene, sanitation, hospitals, inoculation against disease and other reforms are applied, and the lives of countless millions are annually preserved, the question arises, what effect will all this have on the normal increase? Given a strong, enlightened and centralized government, maintaining internal peace and order, what influence would be felt on the birth rate of a people possessed of an intense man-making mania, with the increased facilities for intemperate indulgence? What would be the ratio of increase if the Oriental were freely admitted into America where, in comparative luxury and amidst favorable surroundings, he could live up to his transplanted family traditions? Unfortunately, there are no complete or accurate statistics available for an exhaustive study of this question. An analysis of the partial figures supplied from Japanese official records, however, will help to form a fair estimate of future race expansion.

Japan has controlled Formosa for twenty years. In that time only 122,000 Japanese have emigrated to the Island. The official statistics show that the native or Chinese population in 1897 was 2,455,353. In 1912 this number had increased to 3,476,697 or 41.5 percent in fifteen years. At this rate the native Chinese will double their numbers in 36 years, notwithstanding the general unsanitary conditions of the towns and the yearly visitations of preventable diseases.

The Japanese have controlled the Kwangtung Leased Territory since the war with Russia. It is highly improbable that they have offered any special inducements for the Chinese to settle there, or that the latter have willingly flocked to this lost section of their native land. Any increase in population must necessarily result from natural causes. We find by consulting the Japanese official records, that the Chinese population of Kwangtung on December 31, 1906 numbered 403,754, and 496,696 at the end of 1912, or an increase of 92,942 or 19 percent in six years. This means they will double their numbers in 31.5 years.

The first official census of Korea since the country came under the control of Japan was made in 1910. The native Korean population was then reported as 12,934,282. At the end of 1914, they had increased to 15,169,923 or 17 percent in four years—a doubling of the population in twenty-four years. This phenomenal increase was commented upon at the time, by a few

Japanese papers, but no one attempted to seek for or analyze the causes.

The fundamental forces at work are best described by Homer B. Hulbert, in "The Passing of Korea." He says:—

"The utmost promiscuity prevails amongst the lower classes. A man may have half a dozen wives a year in succession. No ceremony is required, and it is simply a mutual agreement of a more or less temporary nature. The biblical picture of the Samaritan woman at Jacob's Well who had had five husbands is descriptive of many thousands among the lower class people in Korea. . . . It may be said in a general way that the chief occupation of the respectable Korean woman, whether of high or low degree, is motherhood. Like the ancient Hebrew woman, she says, 'Give me children or I die'."

In "The Story of Korea," by Joseph H. Longford, he says:

"Both sexes have strong physical passions, and no barriers of religion, morality, or custom prevent their gratification when opportunity permits it without certainty of discovery."

Is it any wonder that the Koreans are multiplying rapidly under the rule of Japan? There have been no great floods, famines, plagues or other checks on the natural increase in the last ten years. Peace and order have prevailed. They have increased and multiplied exceedingly. Even these figures do not tell the full tale, as they take no count of the large number who have emigrated across the border into Manchuria and the Russian Maritime Provinces.

The increase of the population in Korea finds a comparison in the multiplication of the Eta class in Japan. In old Japan the Eta were the outcasts, the beggars and scavengers. They were not counted in the census. The dogs and horses had a happier time than these unfortunates. The late Emperor, in a special Proclamation of October, 1871, abolished the designation of Eta, and raised them to full citizenship with the other people of the country. Dr. Griffis in his admirable book "The Japanese Nation in Evolution" is authority for the statement that the total number of Eta when they were enfranchised was over 200,000. Dr. Tsumura Hidematsu, of the Kobe Higher Commercial School, writing last year of Japan's social problems, in the *Shin-Nippon*, says that the problem of the Eta is the most important before the country, and adds:—

"There are nearly a million persons belonging to the Eta class in this country. They are confined to certain localities and are not permitted to extend their boundaries. Being thus handicapped in their surroundings, their only comfort is found in the satisfaction of animal passions. They are very prolific."

If these figures are correct, it would indicate that the Eta class in Japan living for the gratification of their physical passions, have doubled their numbers in eighteen years, or are increasing five fold in forty-five years. If the Koreans are now reproducing in twenty-four years, there is no good reason to doubt the approximate figures advanced to illustrate the fecundity of the Eta, which is 32 times as great as those races adhering to monogamy and imposing restraint on their reproductive powers.

In a series of articles entitled "Japan's Place in the Sun" published in over thirty prominent American newspapers last January, extracts from an article in *The Japanese-American* were reproduced in an attempt to ascertain from their own statements what the ratio of increase would be in America, where all the drawbacks to race diminution are removed. Since that time, further official light has been thrown on the subject, by revealing the number of females residing in America at the time. In making the deductions, it will be understood that they are based directly on Japanese figures.

The *Japanese-American* of San Francisco, writing editorially on the reproductive powers of the Japanese in America, in May, 1914, says:—

"It is gratifying to note that the number of Japanese in America is increasing at present. The latest returns show 91,483 Japanese in the United States proper to-day, an increase of 1,752 over last year." (The official figures of the Foreign Office at that time give the number as 79,642, while the *Japan Year Book* gives the number at the end of June, 1913 as 77,615) "Returns show 5,273 men returning home, while 3,541 entered, a decrease of 1,732 men. The decrease has been refilled by an increase of women and children, and this phenomenon suggests the idea of permanent residence developing amongst Japanese, and also an increase of Japanese who possess the rights of citizenship in America. Although this is undoubtedly a welcome sign we cannot be altogether optimistic over the view, when we consider the reproductive power of the Japanese. Reproductive sources, for instance, are fast declining, for no less than 1,700 young Japanese returned home last year. The one consoling fact at this juncture, is that qualitative strength has markedly increased—enough to counterbalance what has been lost in number. If we do not attempt to gain what is lost in number, however, no remarkable development amongst Japanese industries may be expected. The Imperial Government should negotiate with the Washington Government to revise the Gentlemen's Agreement so as to allow for the difference in the number of young Japanese returning home and that of those going to America to enter the country as immigrants, and this may not be a difficult proposition. Japanese in America should act in this direction and regain what has been lost by the Alien Land Law."

"There are 5,732 boys and 5,476 girls in America and the number is increasing at the rate of 2,500 children annually. As most of the Japanese in America to-day are determined to live in America, at least semi-permanently, marrying wives from home and forming homes, the birth rate may reach from 3,000 to 4,000 annually in the near future."

The *Far East*, a widely read weekly publication of Tokio, in its issue of July 24, of last year, reproduced an editorial from the *Osaka Mainichi*, on "The Problem of the Younger Generation in America" which throws further light on the statements made by the *Japanese-American*. The *Mainichi* says:

"In 1912 there were 90,000 Japanese in the United States. Since 1913 the population has again shown an upward tendency, owing to photograph marriages becoming the fashion among Japanese residents, resulting in the arrival of many women from Japan. In addition the birth of children is increasing at the rate of 3,000 per annum. But it may safely be said that the birth rate will be larger than that, for the majority of men resident in America are unmarried, while all the women are married."

"If the photograph marriages and other means are followed with more enthusiasm to call girls and wives from Japan, the number of couples will be exceedingly augmented. If the number of Japanese immigrants in America is decreasing as a consequence of the 'Gentlemen's Agreement,' the diminution of grown-ups will be fully made good by the birth of children."

These are highly important admissions. They are the Japanese' own figures. Their frank and outspoken statements must compel us to give pause and ponder. With 80,000 adults in

the country, and the majority of the men unmarried, the Japanese are increasing at the rate of 3,000 per year. But, as the *Mainichi* very sapiently remarks, when the majority of the unmarried men are united with their "picture brides" and the number of couples are augmented, the birth rate may well reach a much higher figure.

Let us accept for a moment the accuracy of the above statements and analyze what they mean. There is a slight discrepancy between the official figures and those above quoted, so we may take as a fair basis, the figures given by the *Japan Year Book*, which tells us that the number of Japanese residing in the United States at the end of June, 1913, was 77,615. The same table says that of this total, there were 67,169 males, and only 10,456 females. Now we are assured by the *Osaka Mainichi* that all the females are married, and, for the sake of argument, we may assume that they are all of the procreative age, i.e. between 15 and 45. It may be noted that in 1908, the percentage of married and unmarried per 100 people in Japan, is given as 34.62 married and 65.38 unmarried. So when we allow that all the women in America are married and in the procreative age, we cannot be charged with unfairness. To every woman and wife there must be one husband, so we have a population of 20,912 that may legitimately be considered as reproductive agents. This proportion of males to females compares with the general statistics of Japan, where the ratio averages 102 males to 100 females. So, in a population of 77,615 Japanese in America, there are only 20,912 reproductive agents against 56,703 males without wives.

Further reference to the *Japan Year Book* tells us that the birth rate in Japan for the years 1904-09 averaged 33.60 per thousand. If we extend this to the Japanese couples in America, the birth rate should be about 705 for the 20,912 legally entitled to procreate. Yet here we have the leading Japanese papers calmly telling us that the birth of children in America is increasing at the rate of 3,000 per annum or at the alarming rate of 143 per thousand.

If we pursue the investigation further, and allow an average death rate of 21 per thousand, we have an increase of births over deaths of 122 per thousand, or an actual annual addition of 2,562 to the reproducing population of 21,000. This represents an annual increase of 12.2 per cent, or a doubling of the population in a little over eight years!

These figures are of course preposterous, because of the fact that the population are all embraced within the procreative age. We must apply the Japanese vital statistics to ascertain the truth. With a population of 21,000, half males and females, and all married, representing roughly 33⅓ percent of the total number of inhabitants, we must assume a total population of 63,000. Reference to the Japanese statistics shows that 44 percent of the population of Japan, are between the ages of 15 and 45; this will give us 28,600 of procreative age, and with a birth rate of 33.6 per thousand we have a normal annual increase of 1004 for a population in Japan in which 21,000 are married. If the *Japanese American* and the *Osaka Mainichi* assert that 21,000 in America are increasing at the rate of 3000 per annum, comparison with the statistics of Japan clearly indicates that the Japanese in America are increasing three times as rapidly as they do in Japan.

The Japanese insist that the racial problem in America and the British Possessions in the Pacific, arises purely from racial antipathy. The American Government in all its Notes in answer to Japan's protests has taken the ground that the matter is based on purely economic reasons, but this explanation has failed to satisfy the Japanese. As the report of the Japan Sociological Society announced that the earth could support 22,000,000 Japanese where only 2,500,000 Americans could exist, thus acknowledging that the problem is purely an economic one, so do the official population statistics of the Japanese Government and the admissions of their subsidized newspapers give added weight to the American contentions.

WHAT IS RACIAL EQUALITY?

What is the Japanese definition of "racial equality?" Who is to interpret its meaning? The Japanese insist that Americans must accept their definition and viewpoint. As far as we were aware, there has never been any disposition on the part of educated Americans to deny the manhood equality of the Japanese. The equality which comes from birth, breeding, education, and culture, knows no color line. This is amply proven by the experience of thousands of Japanese who reside in the Eastern States of America. The equality of strong men standing face to face, knows neither race, color, or creed. The West has always been willing to admit the manhood equality of any race or people who have demonstrated their fitness on the field of battle. The Anglo-Japanese Alliance is a frank admission of the manhood equality of the Japanese; but this does not carry with it full social recognition in the clubs and drawing rooms of England, except to those qualified for it by education, position and breeding. There exist social distinctions, between different classes of society, which have been preserved amongst all peoples, from time immemorial. There are also race prejudices which bar the way to wholesale miscegenation, which no recognition of equality can sweep aside. These color prejudices are essential to the continued purity of any race. What then do the Japanese mean when they talk of racial equality, or the full recognition of the Japanese by the Americans with the white races of Europe?

This must carry with it the full right of Japanese to unrestricted immigration into the United States, the right to travel, to reside and own land within our borders, the right of naturalization, of intermarriage and other admissions of full equality. Waiving aside the recognition of that equality which arises from education and a mutual understanding, or any discussions as to the qualifications of the Japanese laborers for assimilation into the American body-politic, and admitting the injustice of many of the objections raised against his entrance into America, is it fair to ask the editors of Japan if they practice in the East what they now so vehemently demand from the West?

To insist on equality with another race and another people within their own homes carries with it the implied obligation and willingness to recognize the equality of others in return. Do the Japanese recognize the equality of the other peoples of Asia? They do not. Do the Japanese practice what they preach in their own country? They do not.

In 1871, the despised Eta, the pariah outcasts of Japan, were elevated by Imperial Decree to full citizenship and equality with the other classes of the community. There is little or no racial difference between the Eta people and other Japanese. The law made them equal. Have the people of Japan lived up to and carried out the wishes of the late Emperor and conceded equality to the Eta? Let the Japanese answer.

The Far East, a prominent weekly publication of Tokyo, in its issue of June 6, 1914, says:

"The following circular has been distributed among the leading men of Tokyo by Mr. Tenyo Ooye, acting for Baron Shibusawa:

"There is nothing that brings more disgrace on the humanity of these days of progressive civilization than race prejudice. This is particularly so in those instances where contempt and exclusion are extended to a section of the same people in this country without any valid reason—which, by the way, cannot be found in our literature. This state of affairs we most deeply regret. It is no more than disrespect to the profound benevolence of the late Emperor and disregard of the principles of humanity, and we cannot lie still and allow such things to continue. Therefore, we people of one mind have founded the Teikoko Kodokai (Imperial Association for the Advancement of Public Humanity) in order to fulfill the gracious will of the late Emperor."

The Far East then says:—

"Baron Shibusawa is President of the Foundation Committee of this new society. It is a healthy sign of the trend of public opinion in this country that the Japanese are recognizing the existence amongst themselves of a form of race prejudice that has little excuse—the common dislike in which the Eta class are held. To deny the naturalness of the feelings of race prejudice among races widely separated from each other in color, beliefs and traditions, while entertaining repugnance for a people long ago assimilated, practically, among the Japanese is illogical and calculated to provoke a prompt retort from other nations."

This is a frank admission that the equality requested by the Japanese in the homes of others is withheld from a section of their own countrymen in their own land.

Mr. Tsumura Hidematsu, of the Kobe Higher Commercial School, writing of Japan's social problems in the *Shin-Nippon*, says that the problem of the Eta is the most important before the country, and adds:—

"There are nearly a million persons belonging to the Eta class in this country and the study of their social condition will convince one that they are the ostracized in Japanese society. They are confined to certain localities and are not permitted to extend their boundaries. Being thus handicapped in their surroundings, their only comfort is found in the satisfaction of animal passions. They are very prolific. It is no credit to the Japanese people to have a million brethren living in a corrupted atmosphere. To keep them in this condition is a great material loss to the country, and it is also a disgrace to our civilization that society allows such a large number of people to go uncared for in their midst."

Dr. W. E. Griffis, the greatest American authority on Japan, in his book "The Japanese Nation in Evolution," tells us that when the Eta class were elevated to citizenship in 1871, they numbered only 200,000. Professor Hidematsu now tells us they have increased to a million. The refusal of the Japanese to obey the will of the late Emperor, and extend equality to this caste, will, if persisted in, create a good sized racial problem in Japan during the next half century.

What, then, is the Japanese definition of racial equality? Actions speak louder than words. Is it fair to seek for the explanation in the Japanese treatment of the Formosan Chinese, now called Formosans? Count Itagaki, one of the foremost statesmen and humanitarians of Japan, is a reliable witness. In the *Japan Financial and Economical Monthly* for August, 1914, Count Itagaki says:

"It is a fact that the authorities show discriminatory treatment of the natives. Japan's colonial policy, unlike that of England in India, should be one of assimilation and no discrimination should be made between Japanese and Formosans in their treatment.

"Twenty years have elapsed since Formosa was ceded to Japan but no intermarriage between Japanese and Formosans is legally allowed. With regard to education, only that which is necessary to gain a livelihood is given to the natives; the higher education necessary for civilized people is denied to them. No franchise is given the Formosans, and the freedom of speech as regards personal rights is withheld."

In plain words, liberty is denied the Formosans. They are a conquered people. Is it any wonder that they are restless and discontented? *The Far East*, in its issue of October 9th of last year, tells us of the new "conspiracy" which developed in Formosa, and adds:

"Five hundred and five unfortunates were sentenced to death; seven have been given fifteen years' imprisonment; thirty, eight to twelve years; and three hundred to nine years."

Four hundred are still awaiting trial. A grim record. It is the Government's policy to rule Formosa in military fashion—and in the words of an angry statesman, 'the public be damned.' Turn on the light in Formosa."

The censored press dispatches arriving in America on the 1st of November last told only half the story as to the toll of death exacted by Japan for this abortive attempt on the part of the Formosans to regain their rights and liberties. Is it fair to ask the editors of Japan, if the Formosans were conspiring to obtain by force of arms that recognition of racial equality from Japan which she in turn demands so vehemently from the people of the West, while suppressing with the mailed fist any attempt on the part of the Formosan Chinese to escape the bondage of the benevolent overlordship of their rulers?

With the fate of their brethren in Formosa always before them, is it strange that intelligent and patriotic Chinese decline to accept at their face value Japan's protestations of amity and good will? The Formosans are Chinese. They cannot be confounded with the aborigines. If Chinese in Formosa are treated with contempt and denied the rights of subjects of the Empire, what can the Chinese on the mainland expect from the benevolent domination of Japan in their affairs, as foreshadowed by the demands embraced within Group V—held in abeyance for future "negotiation."

The Formosans and Koreans are conquered races. The constitution of Japan is not yet extended to them. Is it fair to remind the Japanese, that before they can expect to receive the full recognition of their equality by the West, they should make some effort to practice in their own country what they preach to the West. Japan is preparing to enforce her conception of racial equality on the West at the muzzle of her guns, if necessary. Yet the poor Formosans, whose only crime is that they are Chinese, denied all the rights of citizenship in their own land, refused the rights of public speech, deprived of elementary education, prohibited from intermarriage with their Asiatic conquerors, are ferociously shot down and massacred by the hundreds for "conspiring" to better their lot, and aspiring to equality with their overlords. At least the Formosan Chinese have shown that they retain a spark of manhood and are willing to die for their liberty.

What, then, is the Japanese explanation of racial equality?

Do the Japanese recognize the equality of the Koreans? They do not. The constitution of Japan does not apply to this conquered nation. The Japanese are the superior race and intermarriage is also forbidden. Mr. F. A. McKenzie, author of "*The Unveiled East*" is authority for the following statement:—

"When it was suggested to Baron Kaneko, the official press agent for the Japanese Government in America during the war, that his country might encourage intermarriage between Japanese and Koreans in Korea, his reply was emphatic: 'Not at all! On the contrary we shall oppose it very vigorously. We shall consider the Koreans as a lower race; we will give them all possible liberty, but we shall in every way endeavor to maintain the Japanese spirit among the colonists that go among them. We believe in the superiority of the races, and not in the amalgamation.'"

So it is clear that the Japanese conception of racial equality with the white people of America does not contemplate miscegenation or the unrestricted right to intermarry. Otherwise how could they preserve that "superiority" which they believe they possess over the whites. The policy outlined by Baron Kaneko ten years ago is evidently in full force in Korea to-day, even to the point of official intervention to prohibit intermarriage. We quote from a letter written by Mr. Suzuki to the *Japanese Advertiser* of July 21.

"That the Chosen Government itself should have shown instances as reported, of discriminating between Koreans and Japanese by interfering with marriages between some of its officials and Korean women, is most foolish as well as deplorable."

The latest news from Japan brings the information that the Government has chosen a princess of the blood to be the bride

of the ex-Crown Prince of Korea. Perhaps this indicates a change of policy on the part of the Japanese Government. The diatribe of Marquis Okuma against Chinese morals and hedonism published in the last number of the *Shin Nippon*, would indicate that he considers the Chinese are also inferior to the sons of Dai Nippon.

I cannot however refrain from inviting attention to a passage in *The Secret Memoirs of Count Hayashi*, a veritable storehouse of valuable information about the real policies and methods of Japanese diplomacy. In view of Marquis Okuma's caustic criticism of the Chinese, and the general tendency on the part of all Japanese to assume superiority over their co-religionists in China, the following words of Count Hayashi should be read with deep interest.

"As China is the fountain source of one of the greatest civilizations in the world, one must recognize that civilized customs and institutions are already there. On the other hand, the Japanese have imported the civilization of the West only during recent years and have imitated it, and they may think when they go to China and associate with the Chinese that they are really in no way inferior to the latter.

"But if the Japanese will only strip off their gold braid, they will find that they have left only that which they have imported originally from China, and consequently it is clear that they are behind the Chinese in every point of civilization; what I mean is, that in the degree of social civilization we must admit, however reluctantly, that China is far richer than Japan."

If one of the foremost statesmen of Japan frankly admits that his people are below the Chinese in point of social civilization, what then does this new shibboleth of racial equality signify? If all other races of Asia are held inferior to the Japanese, and intermarriage is prohibited, if the Koreans and Formosans, subjects of the Empire, are not conceded the right to reside and work in the Metropolis, or Japan proper, what, then, is the difference when the people of California impelled by the same economical reasons, discriminate in turn against the Japanese?

Mr. K. Kawakami, the author of "*Asia at the Door*," an American citizen and happily married to an American wife, says:

"To understand why California is so averse to American-Japanese marriages one need only look at the Venus-like faces of her women and the features of her men as handsome as those of an Adonis. To give up such a beautiful woman to a homely Japanese instead of to a stately, courtly Californian must appear a sacrifice and a blasphemy. That is the only 'biggest problem' involved in intermarriage between Japanese and Americans."

This argument convinces one that there is really something behind about that much discussed "Japanese Bernhardt" book, disclosing the plans of Japan to invade and conquer the United States. The writer of that bellicose work insisted that the American men were jealous of the Japanese, and that the beautiful American women of the Pacific Coast were simply pining for the day when they could throw themselves into the arms of Japanese husbands. Can it be that the Japanese are jealous? Are they peeved because California prohibits intermarriage? Analysis would indicate that although the Japanese prohibit intermarriage with Chinese, Formosans and Koreans, they are strangely anxious to marry the Venus-like beauties of the Pacific Coast. After all, we can only admire their taste, even if it does weaken the theory of their own racial supremacy, and the superiority of their own civilization. The Japanese are true artists in their love of the beautiful.

What then do they mean by racial equality, if every argument advanced against the restrictions imposed by the people of California to preserve their economic security and the purity of their race, applies with equal, if not greater force, to conditions in the Far East?

CHINA IN CHAINS



From the Jiji Shimpo, the leading Daily of Tokio

A JAPANESE INTERPRETATION OF THE RUSSIAN ALLIANCE

TIMEO DANAOS ET DONA FERENTES

"What Japan has now to do is to keep perfectly quiet, to lull the suspicions that have arisen against her, and to wait, meanwhile strengthening the foundations of her national power, watching and waiting for the opportunity which must one day surely come in the Orient. When that day arrives she will be able to follow her own course, not only able to put meddling Powers in their places, but even, as necessity arises, meddling with the affairs of other Powers. Then truly she will be able to reap advantages for herself."

(Secret Memoirs of Count Hayashi)

Yuan Shih-kai, the strong man of China who wanted to be Emperor, has passed away. The Republic is once more triumphant. A parliament has convened at Peking. The supporters and friends of Yuan are proscribed and have fled for their lives. China enters upon a new phase of her wonderful history. What of the future? Who is the strong man, the hero, the Moses of the new movement, who will save the nation from its peril?

There are signs and portents in the political skies which prophesy storms and trouble ahead. Is Japan preparing to collect her account for the aid and sympathy extended to the leaders of the anti-Yuan movement? Are the new rulers of China in any way compromised to let bye-gones be bye-gones, and accept the aggressions and humiliations of last year as an accomplished fact? Are they ready to pay the bill that Japan is drawing up for presentation? "Under the guise of friendship, with fair

words and with solemn promises," is the grim tragedy of Korea to be re-enacted? Will the Chinese remember in time the phrase written over the ruins of Ilium, "We fear the Greeks, though bearing gifts." There are straws that point the way the wind blows. The message from the direction of Japan admits of no misunderstanding.

"Although China is still in an unsettled condition, yet President Li has adopted a pro-Japanese policy. He is up-to-date," says the *Tokyo Mainichi*. "Chinese of foresight and knowledge, like Dr. Sun Yat-sen and Mr. Hwang Hsing, try to bring the two countries closer together," declares the eminent editor of *Japan and the Japanese*. "President Li is intent upon securing a loan from Japan, and Mr. Hioki (the outgoing Japanese Minister to Peking) was entreated by President Li's adherents to exercise his influence for the advance of a loan by Japan, we are told by the *Manchuria Daily News*, the official organ of Japan in Manchuria.

Mr. Tang Shao-yi, appointed Minister of Foreign Affairs in the new cabinet at Peking, is convinced that China and Japan must be friendly, for he says:

"In spite of all that is generally said, Japan wants a strong Government in China. We must both look ahead. A strong continental neighbor is more desirable than a weak fifth-rate Power. The Japanese have changed their view during the last nine months."

Mr. Wen Tsung-yao, another cabinet appointee in the new regime and a close friend of Mr. Tang's, is also most emphatic about the necessity of "co-operating" with Japan. He is a pronounced Japanophile.

To the onlooker, this change of front after the deep humiliations forced upon China last year by her powerful little neighbor, seems incredible. If it were not pitiful it would be amusing. For while the Japanese diplomats and statesmen are carefully searching their lexicons for new words and phrases to conceal their purposes, and lull the suspicions of the Chinese, the political "outs" and prominent writers are cynically candid as to the real objects and aims of Japan at this time.

The handwriting is written large upon the wall, but the Chinese, intent only on their own affairs, dozing away the last days of their national independence, dream on of democracy, parliaments, the rights of the individual and similar privileges and blessings which men in all other parts of the world have won only at the cost of long and heavy sacrifices, and retain unimpaired by being prepared at all times to fight, and die, if needs be, for their preservation. The leaders of the recent revolution have purchased the downfall of Yuan Shih-kai, by accepting support and sympathy from the most autocratic monarchy the world has ever seen. They owe their victory to the assistance of a people fanatically credulous in the Divinity and infallibility of their own ruler. Can an absolute autocracy be sincere in its friendship for a neighbor whose institutions may in time undermine the foundations of its own political system? In accepting the aid of Japan to punish Yuan, the new leaders have forgotten the lessons of history, and turned a deaf ear to the warnings that Japan has from time to time sounded for their particular benefit. Yet the great objective has been obtained. They have danced. The Republic is saved. But the PIPER stands inside the door, waiting for his pay.

Mr. Tang Shao-yi believes that Japan has changed her ways in the last nine months and now wants to see a strong government in China. This is the language of diplomacy. What are the facts? Over in Tokio there resides a sagacious old warrior now nearing his eightieth birthday. For many years he has dictated the military program of his nation. He is one of the Elder Statesmen; one of those supermen who made the Japan of to-day, whose counsels are still listened to with respect by the Mikado. His name is Prince Yamagata. Some years ago when he was just a plain Field Marshal and Marquis, he contributed a most valuable paper on the Japanese Army, to a book entitled "Japan by the Japanese." In it, he said some interesting things about China. The leaders of new China, who now proclaim undying friendship for Japan, should read carefully what this dictator of Japan's military policy then had to say.

"The future of China may well have an importance to Japan, and I think that what is necessary for the regeneration of China is the coming to power of a strong Emperor, who will take the reins of government into his own hands. . . . Granted a strong Emperor, it would be more easy to change China than it was to change Japan. . . . A strong Emperor could take advantage of the state of things and lead China upwards. I think that under such circumstances the Chinese could be trained to become excellent soldiers, and with China's almost infinite resources of men and treasure, a strong Emperor could have at his command a most powerful army. If this were to be accomplished China might become a very serious menace to all the neighboring nations; but there seems little danger of these ideas being realized in the immediate future. A strong Emperor is essential for their fulfilment, and there is no sign that such a one is to be expected to arise."

Prince Yamagata is very much alive. His power is unbroken. He continues to dictate the military affairs of the Empire, and, as the foreign policy of the Cabinet is based upon and expands with the growth of the nation's armaments, it may be said that the influence of the venerable Elder Statesman is second only to that of the Emperor himself. Yuan Shih-kai, despite all his weaknesses and faults, was the one strong man who had come to the front in China in many years. His political methods were those of the Orient, his name is anathema to New China, but the truth remains, that Yuan was universally recognized as the man who could place China on her feet. He would have made a strong ruler. There is no need to seek for further reasons in explanation of Japanese sympathy for the cause of republicanism in China. While the political waters of China are troubled, while one party can be set against the other, there will always be internal unrest providing the opportunity for outside intervention. The die has been cast. China can never again grow strong. Her opportunity has passed, frittered away in the struggle for factional supremacy.

Some time ago, *The Times* dispatched its Military Correspondent to Japan to write home and tell the people of Great Britain about the military efficiency of their Ally, and what they were doing to uphold their end of the Alliance. He was given opportunities never accorded to any other foreigner to learn the innermost secrets of the Japanese General Staff. After describing the invulnerable strategical position of Japan, assuring to her a predominant position in the Far East, he adds:

"Nothing but the military regeneration of China or the United States seems likely to deprive her of this privileged position and to talk to a Japanese of such possibilities only provokes a smile."

What does the smile on the face of Japan signify? It means that she never intends that China shall be regenerated as a military Power, and so become a menace to the safety of Japan. The world will recall that Japan and Russia, both borrowing nations, forced themselves into the Quadruple financial group, at the time of the reconstruction loan, for the sole purpose of having a voice in the disposition of any funds that might be employed by the Chinese government for military purposes. Can we forget that only a year ago, the Japanese Government deprived the Chinese Government of the right to construct a naval base in the province of Fukien? Yet with these historic facts before us, Mr. Tang Shao-yi believes that Japan desires to see a strong China, and Mr. Tang has been selected by President Li to supervise the foreign affairs of the nation. Mr. Tang is a skilled diplomat.

A most reliable witness is Marquis Okuma, the Premier of Japan and official mouthpiece of the Government. In addition to presiding over the Cabinet, he is the reputed proprietor of a very influential monthly magazine called the *Shin Nippon*. If the Chinese believe that the heart of Japan has softened toward them, they have only to read the words of Marquis Okuma in his recent "Elegy of Yuan Shih-kai and Warning to the Chinese People" published in the July number of his own magazine, a translation of which appeared in *The Japan Advertiser*. Reading his words of warning, recalls all the arguments advanced by Japan in justification of the violation of solemn treaties and promises in the case of Korea. How often has the world been informed that the degeneracy, corruption, and

ineptitude of the Korean people, constituted a menace to the peace of Japan, which in turn fully exonerated the latter for breaking her pledged word to respect the independence of the country. As public opinion throughout the world was carefully educated by means of a skilful publicity propaganda, to accept the Japanese viewpoint concerning Korea, so the Premier of Japan now sounds the warning to China, and gives the keynote for inspired writers in America to prepare the public for what may follow. The Premier says:

"The death of Yuan Shih-kai has revealed China in all her weakness.....When a country is in trouble you see the advent of a hero to save it from the calamity. So far, China has produced no saviors. All seem alike stricken with the national virus."

These words should make most interesting reading for President Li, Premier Tuan, Mr. Tang, Dr. Sun and others. They are particularly rough on Generalissimo Hwang Hsing. After the farewell banquet tendered the General by his Japanese friends in New York, and the obsequious attentions showered upon him while passing through Japan, enroute to command and lead the Republican army to victory, the words of the Marquis ought to enlighten him as to just where he stands in the estimation of his new found friends.

What is this national virus that has poisoned the Chinese and made them unfit to govern themselves? Let the Japanese Premier talk for himself. He says:—

"The Chinese are disciples of the worst form of hedonism, the doctrine that pleasure is the chief good in life....Yuan ever hungered voraciously for the pleasures of the flesh, and had no moral support to ease him. Yuan's death is a great misfortune not only to himself but to the Chinese people, for it shows that the people are touched more or less by the same vice which destroyed Yuan. To cite some instances; Yuan had no less than six proper wives, and the number of his concubines is beyond our imagination. Such astounding moral degeneracy, engendered no doubt by centuries of evil national habits, as it is, is quite incompatible with the spirit of a patriot, who is ready to give his body and soul in the cause of his countrymen.....Corruption which is universally practiced among the Chinese is likewise the outcome of their natural hedonism. In order to satisfy their lust and licentiousness they must have money and will hunt it by hook or crook."

In plain words, the Premier of Japan believes that the Chinese are hopeless because of their pursuit of pleasure. Remembering that this is also the fundamental weakness of the Koreans, which obligated the annexation of their country by Japan, the warning conveyed to the Chinese is unmistakable. It is difficult to take Marquis Okuma seriously in this argument. If these words were deliberately penned by the Premier of Japan, a gratuitous affront has been tendered to the Chinese people and to the memory of Yuan, who despite all his faults, fought resolutely against the aggression of Japan.

Furthermore, we might here refer this caustic critic of the Chinese to the parable of the mote and the beam. The good Marquis seems to overlook the fact that there are many authoritative works on the customs of the Japanese people. They all agree on one important fact. Marriage in Japan is essentially polygamous and concubinage the rule, rather than the exception. Dr. Sidney L. Gulick, one of the most pronounced admirers of Japanese culture, has written a book entitled, "The Evolution of the Japanese." He is also a very reliable witness. On page 151 of this authoritative work, some interesting and illuminative facts will be found as to the number of concubines possessed by the Emperor of Japan. Dr. Gulick asserts that the late Emperor had several concubines and no less than thirteen children, and, in a footnote diplomatically adds, that the number of concubines and children are correct as far as they go, though a full statement might require an increase in the figures given. There is no use to dilate on the subject beyond quoting the statement of one so highly esteemed by the Japanese.

Perusal of the many authoritative books on Japan, would therefore indicate that Marquis Okuma is strangely inconsistent in charging the Chinese with national vices common to all Oriental nations adhering to ancestor worship. This same

hedonism is rampant in Korea, where, under Japanese rule, the native population has increased 17 per cent in four years as a result of sexual promiscuity. Before lecturing and warning the Chinese against these evil practices, the Premier of Japan, while he has the power, might set a good example by the promulgation of a few laws in Japan and Korea, which would prove to the world that he is sincere. The wide divergence between the official utterances of Marquis Okuma as the Premier of Japan, and the candid opinions of the publisher of the *Shin Nippon* will not be lost on the general reader. Through the magazine owner and writer, the world gets a glimpse of the inner workings of Japanese diplomacy and national policy. Marquis Okuma tells the Chinese leaders to their face what fine fellows they are, but assures his own people that there is not a real hero amongst them all who can save their country from the calamity. What calamity? What danger menaces the national existence of China, now that Yuan has died, which calls for a national hero or savior? Marquis Okuma leaves this to the reader's imagination. Not so, however, the Editor of *Japan and the Japanese*. He is frank, very frank. In an article in the May number of the *Japan Magazine*, he tells us something definite about the calamity hovering over China, and says:—

"Japan's fundamental policy toward China has been decided, and not even the personal opinions of the Premier can change it, so far as our basal attitude goes. This being so, friendship and good-will between the two nations depend on China's becoming familiar with our policy and abiding by it. Japan is influenced by an undeviating policy and an unswerving sincerity."

In plain words China must submit to Japan's policy, if they want to retain her friendship and good-will. So the writer then goes on to elucidate some of the high points of this policy, and adds:—

"It is very difficult to say whether China will soon break away from her traditional policy of checking Japan's progress on the continent of Asia. It is probable that China will incline to the sympathy of Germany or the United States or some other distant country to help her against the intrusion of Japan. Such a policy can only result in the ultimate partition of China.....If she persists in her opposition to Japan there is no country on earth that can save her.....The egoistic policy of China in the past has led to her humiliation both by Manchuria and Mongolia: and if she goes on with this policy her humiliation may be repeated."

Here we have the situation in a nutshell. As long as China struggles to protect herself against the intrusion of Japan, this "egoistic" policy will again result in her humiliation, and, as Mongolia and Manchuria were taken from her in the past, so will her national existence be placed in jeopardy if she struggles to preserve her honor from future degradation. The price of Japan's friendship and permanent good-will is for China to submit gracefully to her intrusion into and domination over her affairs. If China struggles or invites attention to the rape of her honor, if she shows any outward signs that she even resents the intrusion, then the cup of humiliation will be pressed quietly to her lips, and she will be forced to drain it to the bitter dregs. And no Power in the world can save her, we are assured. This then is the calamity which hangs over China, and we are told by the highest Japanese authority that there is no national hero, no savior in sight who can avert the fate of his country.

Lest we forget! Remember the fate of Korea! I quote from *The Unveiled East*, the work of F. A. McKenzie, the noted English war-correspondent.

"When the Japanese first came to Korea, they were received by the common people with sympathy and hope. Today the common people hate them with the most intense bitterness. The first cause for this hatred is national. The Koreans say that the Japanese wormed their way among them under the guise of friendship, with fair words and with solemn promises to maintain their independence. Then, having planted their troops all over the land and broken the Korean power, they violated their promises and deprived the nation of its freedom. The more intelligent Koreans admit, as they cannot but admit,

that the loss was largely their own fault. Their country relied upon treaty promises in place of national efficiency. It had degenerated and did not deserve to live. And yet the degeneration affected the officials rather than the mass of the common people. 'If we only had a chance,' the men of the north have said to me more than once, 'we could show that we are fit to hold our own.'"

With fair words and with solemn promises to maintain their independence, the Greeks of the Orient came to the Koreans. The phrase written over the ruins of Troy is emblazoned on the tombstone of Chosen. The Greeks are now carrying their presents to Peking. Hear how the good Count Hayashi counseled his people to proceed in this case:

"In dealing with China we want to take plenty of time to regard all the provincial and local problems of that country, to insist upon our claims and to explain patiently and steadily the reasons for the positions we take up. . . . To the Ministers of State and gentlemen of China we should be polite in our manner and should try to cultivate a warm friendship. There is no other way to success. . . . As I have said before, the only thing to do is to be calm, not to get jealous, and to wait. Whichever Ministry is in Power, it ought to make no difference to our foreign policy."

With fair words, this high exponent of Japanese policy would pave the way for the attainment of the great end, the end that is disclosed in his summing up:

"Some Japanese are so foolish as even to advise the authorities to be 'mild' in their treatment of China, and to befriend and conciliate that country. Such advice is supreme folly."

"The way to deal with China is for the Powers to combine and insist on what they want and to go on insisting until they get it. The Japanese have learnt that. The European and American governments often advocate mild measures, but, like the Japanese have done, they too, will one day find out their mistake."

"There are only these alternatives before the Powers. They must either bring their combined forces to bear on China to get what they want or else leave her alone, until like an awakened lion she is ready to spring on her prey, in which case she will be powerful enough to threaten the acquired rights of all the Powers."

"NOW WHILE ENGLAND IS ENGROSSED IN HER GREAT WAR AND AMERICA IN THE COMING PRESIDENTIAL ELECTIONS, JAPAN SHOULD DETERMINE TO SETTLE ONCE AND FOR ALL HER CHINA POLICY. IF SHE WAITS UNTIL THE AMERICAN NAVAL PROGRAMME IS COMPLETED IT WILL BE TOO LATE. IF JAPAN MISSES THE PRESENT OPPORTUNITY TO SETTLE THE ORIENTAL QUESTION IT WILL NEVER AGAIN RETURN. NOW IS THE VITAL MOMENT FOR ACTION," PROCLAIMED MR. SHIMAYA IN A RECENT ARTICLE IN THE *YAMATO*.

Lest we forget! Remember the fate of Troy! Remember Manchuria! Remember Chosen! Look around in Shantung! The Greeks are on the move. They are carrying their gifts to Peking.

TIMEO DANAOS ET DONA FERENTES.

THE MAN OF THE HOUR IN JAPAN

The political cauldron in Japan is again seething, and a change of Cabinet is imminent. There are big things to be done, while "the opportunity of a thousand years" remains open. While the great war is in progress, and the presidential campaign is monopolizing the attention of America; while no Power in the world can interfere, the Japanese jingoes believe that the hour has struck for them to act and make good their claims to full control over China. They must face the Powers after the war, with the accomplished fact.

The stage has been carefully prepared for the final act in the great drama. The internal conditions in China are going from bad to worse. The Mongolian bandits are ravaging the plains of Manchuria. Taonanfu has been attacked. Changchun has been threatened. Chaos prevails, and the Chinese authorities seem powerless to maintain order. Shantung is overrun with bands of Japanese and outlaws masquerading as revolutionaries. Fighting progresses in and around Canton, and the province of Szechuan is still the cockpit of contending parties. To the Japanese mind, the situation they have created, is intolerable. They have a divine mission to perform, and, as we are told by the editor of *Japan and the Japanese* there is no power on earth who can save China. The time for intervention is drawing nearer. The conditions which led up to and justified the annexation of Korea exist in China.

But Marquis Okuma hesitates to act. He is too spineless to suit the military and bureaucratic element in Japan. They clamor for his resignation, so a "strong man" can take his place and carry out their program. So the militarists of Japan turn to the one man who can deliver the stroke quietly, neatly and with dispatch; the man who forged the fetters on the liberties of Korea; the idol of the army and the future leader of the powerful Choshu Clan, who dictate the military policy of the nation. Field Marshal Count Terauchi, Governor General of Chosen, the silent, cynical, deliberate and masterful soldier-statesman, is the man selected to head a new Cabinet. He is the Man of the Hour, the man specially equipped to deal the blow. The world knows little about Count Terauchi, outside of his record as

Governor-General of Chosen. It is interesting and illuminating at this time to read what the Japanese think of their hero. If we turn to the current number of the *Japan Magazine* we can gather an idea of the personality of Count Terauchi from the pen of one who knows him. We quote from the article written by Mr. R. Usaki:—

"The famous warrior statesman is among the more prominent personalities of modern Japan and is eagerly looked forward to by many as the future premier of the empire. He is regarded by some as too much of a martinet and on the whole over austere; but his is a devotion to the trifles that go to make perfection. He is narrow minded, but it is the mental concentration that means business, and accomplishes what it determines. No one has dared to suggest that his strictness has ever been inconsistent with his diligence and honesty. Certainly Field Marshal Count Terauchi has the brightest future of any living Japanese soldier and statesman. It is only a question of time when he heads the Imperial cabinet."

"The wonderful manner in which Count Terauchi mastered the situation in Korea, increased, if that were possible, the nation's confidence in him as a man to be trusted. The notable achievement with which his name will ever be associated is the annexation of the peninsula to Japan."

"It was well known that the first Resident-General, Prince Ito, was not in favour of interfering with the independence of the peninsula; and his successor, Viscount Sone, was of the same mind. But Count Terauchi was soon seen to be a man of very different stamp from his predecessors. He had hardly been a month in office at Seoul when he had the police powers of the Korean government in his hands; and then he took precaution to station Japanese

soldiers in every province. By the month of August the work of annexation was complete and the fact made known to the treaty Powers.

"The king of Korea assumed the rank of a prince and the Resident-General was supreme over the country. One of the most marvellous feats of the new administration was its successful annexation of the country without giving the Koreans a chance to carry on effectively their wonted intrigues. That so great an event could have been carried out so quietly was the wonder of the world. The effectiveness with which the great feat was accomplished must be attributed to the genius of the Resident-General.

"Though immensely admired and respected the Governor-General of Korea naturally has numerous critics, as all strong characters have.

"He is accused of ill-liberal tactics in suppressing newspapers and controlling news generally. He is blamed for laying too much stress on the importance of military rule in his administration of the peninsula. His exercise of the right to issue company regulations is objected to as interfering with the freedom of enterprise. His dislike of journalists and his aversion to politicians cost him many friends who might otherwise assist him. And so his administration is attended by too much of the military flavour; exactness, secrecy and peremptoriness. He fears public opinion too much, and refuses to let his plans be known. Many resent this lack of frankness.

"It is interesting to note that the Governor-General is quite as careful in controlling his own people as the Koreans. In former times the Japanese residents in that country had too much freedom. Many immigrants were persons of disreputable character and were a nuisance to natives and government alike. Even soldiers and government officials were allowed to go on geisha sprees and enjoy other questionable pastimes. But the coming of Count Terauchi soon put a stop to all this. The slum districts and gay quarters of the capital suffered a marked change. Soon the newspapers began to caricature the Governor-General under the image of Billiken, which he is said much to resemble in appearance. No amount of criticism, however, has changed the opinion of the nation as to his genuine qualities. He is the future leader of the Choshu clan, which has wielded so much influence in Japan; and many are earnestly contemplating the day when Count Terauchi will be premier of Japan."

Is history to be repeated? Is the man who gave the *coup de grace* to the independence of Korea, to deliver the blow that will place China under the suzerainty of Japan? The stage is set; the conditions are identical; the troops are posted; the opportunity awaits the man with the courage. Is this the meaning of all the talk in the Japanese press about the necessity of striking while the iron is hot? And there is no Chinese hero, no savior in sight to avert the calamity. We have Marquis Okuma's word for this.

Since the above was written, we have received the New York *Evening Post* of July 12, containing a most interesting letter from its Tokio correspondent. This gentleman, Dr. J. Ingram Bryan, is also editor of the *Japan Magazine*. If Count Terauchi is selected to head a new cabinet, the American press cannot plead ignorance of his intentions or evade its responsibilities by declaring it had not been warned in time of the possible consequences. Dr. Bryan fully coincides with our forecast of the situation; both articles convey the same message.

"With Yuan gone, Japan's hour has come; and the question now uppermost is how Japan will use her opportunity. Yuan was the one mighty obstacle to her gaining a freer hand in Chinese affairs. Will his successor prove as obdurate and invulnerable? There is understood to be a radical divergence of opinion in

official circles as to the policy that should be pursued in regard to China. These opinions may be reduced to two; those favoring a policy of pursuing a free hand in China without regard to Occidental nations, and those contending that Japan must keep in with the Powers on the China question. Those urging an independent attitude on Japan's part in China seem to believe that, were Japan to take a bold and independent stand for what she regards as her rights in China, the very suddenness and audacity of the move would leave the Occidental nations as acquiescent as they were when Japan assumed a like attitude in Korea. Certain of the more cautious of this coterie, however, are inclined to the conviction that any attempt at high-handedness would have to be justified by a situation similar to that prevailing in Korea at the time of its annexation to Japan, and which Mr. Roosevelt gave as the reason why he saw America justified in not interfering. Such a situation was fast being brought about in China prior to the death of Yuan Shih-kai. Whether the rise of a new President and consequent peace in China may prevent the anarchy that would oblige outside interference and further gain to foreign prestige and freedom in China, remains to be seen.

"On the other hand, the supporters of the Cabinet and its non-interference policy insist on Japan's standing by the agreements of the Powers to maintain the sovereignty of China inviolate, together with the 'open door' and the territorial

integrity of the country. But to say that the Japanese people are in sympathy with this policy is to say too much. A feeling has been on the increase for some time that the Okuma Cabinet is too much under the influence of Occidental nations; it is believed that the Cabinet has not the courage to oppose British and American policy in China, even if it wanted to do so. A revolt against subserviency to foreign nations might be expected if only radical differences of opinion between the Cabinet and the Elder Statesmen could be eliminated.

"To this end one of the leading political strategists of the nation, Viscount Miura, has been devoting earnest and unceasing



THE MAN OF THE HOUR—FIELD MARSHAL TERAUCHI
THE MAN WHO FORGED THE SHACKLES ON THE LIBERTIES OF KOREA; THE HERO OF THE ARMY, THE SELECTION OF THE BUREAUCRATS FOR THE PREMIERSHIP. THE MAN WHO WITH SWIFT, FEW AND EFFECTIVE STROKES IS EXPECTED TO CONVERT CHINA INTO A VASSAL STATE OF THE MIKADO.

(Continued on Page 101)

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JAPAN'S ATTITUDE TOWARDS CHINA

What is Japan's real attitude towards China? Are we justified in directing attention to Japanese policy as interpreted by the Japanese themselves? The *Japan Advertiser* of August 5, prints the translation of a leading article from the *Toyo Keizai Shimpō*,—a vernacular paper, known for its independence and soundness of views—on Japan's policy towards China. The editor pleads for the faithful observance of the Open Door as the only sure way to improve relations with China and preserve friendly understandings with the Powers. That Japan's policy is, and has been, one of aggression and discrimination is frankly confessed in the following words:—

"We have previously pointed out that Japan's policy towards China has hitherto been based on the principle of putting China under something like Japanese suzerainty and of securing the guardian's privilege over her. Therein lies the weak point of our Chinese diplomacy, and we have urged that a change was necessary. In our opinion a policy directed towards the partition of China is unwise. Nor is it possible to put her under our suzerainty. The only policy to be recommended is the policy of the open door and equal opportunity."

The editor of the *Toyo Keizai Shimpō* then proceeds to prove how Japan will profit by living up to the Open Door and welcoming the investment of foreign capital in the development of China's resources. He is very frank and honest, and fully substantiates truths that are carefully concealed from the American editors, by the operation of the official press bureau.

The Japanese publicists in America impute dishonest motives to any writer who has the temerity to disagree with the veracity of their statements concerning Japan's attitude towards China. So we invite attention to an article on "The Problem of National Expansion" in the August number of the *Japan Magazine* from the pen of the eminent professor and publicist, Dr. Kambe. Dr. Kambe is one of the foremost scholars of Japan, a most intimate friend of the foremost Statesmen of the Empire, and a high authority on the problems of expansion. If an American attempted to place the same facts before the American public he would be accused of being in the pay of Germany or the employ of China.

"Whether in the matter of national expansion Japan shall assume an aggressive policy or merely remain content to rest on the defensive, trusting to the mercy of the world, is a question of fundamental importance to the country, and never more so than at present. As things look now it would seem that there is nothing but for her to take an aggressive attitude. For Japan a mere defensive policy would mean retrogression. Unless she is prepared to go in like other powers and take what she can, it is a question whether she will be able to retain even her present possessions. While it is neither necessary nor advisable for a nation to cultivate an avaricious spirit, nor to extend at the expense of internal development, it is nevertheless essential to the progress of a nation that it shall see to its getting a just share in the surface of the earth, as it is divided among the powers.

"At present Japan has colonies in Formosa, Korea, Saghalien and the Kwantung provinces. It is very important that Japan's rule in those colonies shall be efficient and secure, because on the result of that rule the world will base its judgement when asked to recognize the right of Japan to extend her national limits. To Japan at present, the Promised Land is China, and the South Sea islands. When people talk of Japan's expansion northward they are apt to forget that there is nothing left but the other half of Saghalien and Siberia, the economic value of which is insignificant from a Japanese point of view. The only alternative is expansion westward toward China, or to the south sea regions. China, however, is the prime object of Japan's colonial policy; the geographical relations of the two countries make this inevitable. And the social, kindred and linguistic affinities of the two peoples also point in that direction.

"It is not likely that as time goes on Japan can remain dependent for cotton on India and America, to powers stronger than Japan. But China she can protect with her navy, and therefore may feel secure in starting any enterprise she likes in that country. Japan cannot become so intimate with south sea regions as she is in China; and it is, moreover, more difficult for Japan to protect her interests in those regions. Our navy being inferior to those of Britain and America we must devote attention to regions where the main defence is military, as in China, where politically and in a military sense Japan is even now far superior to any other power. **If Japan will but keep up her expansion policy, taking advantage of the present war, there is every hope that her policy will eventually succeed.**"

Is the above clear? China and the "South Seas" are now the prime object of Japan's colonial policy, preferably China, and "if Japan will but keep up her efforts, taking advantage of the present war, there is every hope that her policy will succeed." In plain words, China, the main object, must be brought under the control of Japan before the war ends.

Must we interpret the words of Dr. Kambe literally? If we listen to the testimony of Dr. Teusler and his American brothers of the Sacred Treasure, such utterances are maliciously inspired by China or Germany for the express purpose of sowing the seeds of hate and discord between Japan and America.

We have pointed out time and again to the editors of America that the possession of Manchuria by Japan will not in any way solve the great problem of her rapidly increasing population, and therefore the aggressions of Japan in this quarter of China are purely political, arising out of a lust for power and the determination of bending China to her will. The world has viewed with tolerance at least, Japan's efforts to acquire rights in Manchuria, that would create an outlet for her people, but if it is openly admitted by the leaders of Japanese thought that their countrymen cannot compete with the Chinese, and that Manchuria is of no value to Japan for actual colonization, it becomes clear that her policy towards her weaker neighbor is one of deliberate encroachment.

Let us recall the words of Mr. Takakoshi, when he advocated the seizure of the Dutch colonies in the East:

"Japan should look for her outlet southwards. . . . It is futile to prosecute a policy of expansion in Manchuria. While holding what we have there, we should aim chiefly toward the south."

Dr. Nitobe, the greatest Japanese authority on colonization, also says:

"If there must be emigration, then it should be southward, as China is impossible on account of its already dense population."

Mr. Kazan Kayahara voices the same sentiment when he says:

"China and India will serve no purpose to Japan except as producers of raw materials and consumers of manufactured products."

Mr. S. Tsumuri, the Director of the Tokio Commercial Museum, tells us:

"The general idea of Manchuria prevailing among the Japanese is that of a cold and barren country that for the most of the year is uninhabitable and subject to mounted bandits. Young men from Japanese colleges, when asked to accept positions in Manchuria, decline on the ground that it is as much as a man's life is worth to go there."

Mr. Shirani, the Civil Governor of the Kwangtung Leased Territory, explained his views on the value of Shantung as a colony for his countrymen in these words:—

"To be frank, whatever data I have collected and studied disheartens me, as I am overwhelmingly led to conclude in the negative."

So we could go on with many other similar quotations from the leading thinkers of Japan, all frankly confessing the great truth that China offers no field for colonization, but we will

conclude with the admission of the highest authority of all, the great man who talks for the Empire, its official mouthpiece, the Premier, the Marquis Okuma. Some months ago he was interviewed by two American women journalists. In answer to their question why the Japanese do not colonize in the neighboring countries more extensively, instead of trying to force the colonization in the Western Hemisphere, Marquis Okuma answered:—

"The Japanese have colonized extensively in the Hokkaido and Korea." (In fifty years a little over 2,000,000 Japanese have migrated to the Northern island, and in ten years 270,000 have gone over to Korea, while in twenty years, 120,000 have found homes in Formosa.—Editor.) "The climate of Formosa is too hot to permit successful emigration from Japan. But the standards of living in all these territories are lower than those of Japan. If the Japanese laborers emigrate to Manchuria, or Korea or Formosa, they must compete with native laborers whose wages are only one-half or one-third those that the Japanese can earn at home. **Consequently the Japanese can only go into those countries in the capacity of landowners or employers of native labor. The necessary outlet for the increasing population is not presented.**"

Must we bring forward further evidence to substantiate the truths that we attempted to place before the American people early in the year? If all the leading men of Japan confess to the truth of the facts that were then presented, and China and the neighboring lands in Asia offer no outlet for Japan's surplus, where are the Japanese to go? What is meant by the South Seas? Java is a seething mass of humanity already, and the pressure is sending them into Borneo and Sumatra. The South Seas then must mean the Philippines or Australia and New Zealand.

What then does all the talk in Japan about controlling China signify? If China presents no solution to their great problem, and they insist that they must come over here and dominate the country, it would prove that this policy is one of pure political aggrandizement. There is no other honest deduction from the facts.

JAPAN'S MEDICO-PUBLICIST

Dr. R. B. Teusler has returned to Tokio. Naturally, he was interviewed. He said some unkind things about those journalists who refuse to see eye to eye with him on the issues pending between Japan and China and Japan and America. We are rather tired and bored with men of his type, and would gladly devote our space to more interesting matters and people, but as he also has acquired the habit of impugning the motives of those who disagree with Japan we are reluctantly compelled to say a few words about this brilliant adjunct to Japan's publicity system. Dr. Teusler has been in America for some months, soliciting funds for his hospital, and at odd times "he wrote articles for the papers and delivered lectures to give the people of the United States a true picture of conditions and opinions in Japan." He did. We can bear testimony to the fact that he worked very hard. Here is a sample of his work, sent out by a leading press association to several hundred of the smaller newspapers throughout the United States. It is a work of art.

It has a familiar ring. Here is an American surgeon who has received an enormous amount of free advertising in the newspapers because of his accidental relationship with the President of the United States, and who so far forgets the position of his own Government as to assert that overt acts on the part of the United States have caused serious international friction. He learned his lesson well while in Japan. Note the statement about the nonsense which "emanated from a subsidized clique at Peking," and the "we people living in the East, know that this was an organized attempt to deceive American people and cause trouble between the two nations."

Japan Has No Designs on the Integrity of the Chinese Nation

By Dr. RUDOLPH B. TEUSLER, Head of the International Hospital at Tokyo

FOR many years America has been Japan's warmest friend, but several direct overt acts on our part have caused serious international friction. The nonsense published in many of the American papers last spring and summer that Japan, taking advantage of the European situation, was about to annex China, close the much discussed "open door" and sit down to digest the whole meal in complacent ease unless we intervened and stopped it emanated from a subsidized clique in Peking.

We living in the east know that this was an organized attempt to deceive American people and cause trouble between the two nations.

IF JAPAN SHOULD ATTEMPT TO SWALLOW CHINA SHE WOULD HAVE A GREATER ATTACK OF INDIGESTION THAN SHE WOULD CARE TO ENDURE.

The partitioning of China would be as dangerous to Japan as to us, and the recent treaties are a distinct safeguard against this. The treaty of south Manchuria and eastern inner Mongolia is nothing more than the **FULFILLMENT OF NORMAL CONDITIONS, THE RESULT OF THE PORTSMOUTH TREATY BETWEEN RUSSIA AND JAPAN.**

It is only another disclosure of how the oracle works. Call the other fellow by the short and ugly term, impugn his motives, discredit him. It is the same old story. Notwithstanding that all the world now knows the inside history of Japan's aggression upon China as disclosed in the Japanese and Chinese official *communiqués* of last year, the dear, innocent, gullible *medico* keeps prattling over and over again the parrot-like speech learned by rote from his Japanese intimates in Tokyo. The closing sentence of the effusion is a gem. It could only be accepted for publication by editors of small local newspapers who make no pretence of being posted on international affairs. If Dr. Teusler ever took the trouble to read the Portsmouth Peace Treaty and the terms of the Treaties wrung by force from defenseless China last May, and has the hardihood to express the views attributed to him, we can only be charitable, and refrain from reflecting on his intelligence.

His attempt to prove in the Philadelphia *Public Ledger* on March 3 ulto, that the censorship is non-existent in Japan came as a revelation to the editors of that country, and we wonder by what name he will now call the forcible suppression of certain newspapers only a short month ago. We advise him to make the acquaintance of the genial Mr. Zumoto, for years the editor of the *Japan Times*. Dr. Teusler even went so far as to state that Mr. Zumoto was not the editor of the *Japan Times*.

The eminent physician and surgeon should stick to his pills and powders. As the head of St. Luke's Hospital at Tokyo he will always retain our respect and esteem. Our friendly advice to him is to shun international politics and publicity work. There are always two sides to every question. China has her viewpoint. The United States, after all, many have a few honest arguments in her favor, which Dr. Teusler, notwithstanding his accidental intimacy with the Chief Executive, may have overlooked. The man who holds a different opinion based on a more intimate knowledge of the facts is not necessarily a subsidized knave, any more than the physician who disagrees with a diagnosis made by the head of the International Hospital is a quack. Remember that when one starts out to discredit reputable journalists, the latter always have the advantage of the last word. The newspaper clique at Peking so thoughtlessly maligned were loyal and honorable British journalists. The American editors so openly denounced are upholding the principles of the square deal and siding with the weak against the strong. Dr. Teusler has worked hard for the cause of Japan. His efforts should not pass unrewarded. He has earned the Sacred Treasure. If his intimate friend, Count Okuma, fails to procure it for him, there is no gratitude left in Japan.

WILL JAPAN PURCHASE THE PHILIPPINES AND NETHERLANDS INDIES?

The *Yamato*, one of the leading dailies of Tokyo, has published a series of editorials advocating the acquisition of the Dutch East Indies by *purchase*. As this is the first time to our recollection that any Japanese publication has ever evidenced a desire to give any *quid pro quo* for other people's property that Japan may covet, it is interesting to inquire into this rather unusual departure from accepted standards.

It was only a few months back, that Mr. Takakoshi, to the amazement of the Western world, openly advocated the seizure of the Dutch East Indies, because of their strategic menace to the security of Japan, while under the rule of a small and weak state like Holland. The doctrine of the predatory state, so fervently preached by this leader of Japanese thought, attracted immediate attention in Holland, and led the *Nieuwe Rotterdamsche Courant*, to devote a series of editorials to a discussion of this new danger. The sensible Dutch editors, instead of advocating a policy of scuttle before the menace of Japan, frankly acknowledged the plausibility of the Japanese contentions, and pointed out:—

"The Sunda Straits, the 'entrance to the Indian Ocean' is in these times of violation of international law, at the mercy of the first mighty one who is pleased to serve his own interests by taking possession of this important passage. Japan cannot but consider our powerlessness to prevent this; and we must consider the possibility of Japan taking the step herself. True, so long as the war lasts, it will probably do no such thing; but when at the conclusion of peace, changes are introduced into the territorial distribution of the earth, Sunda Strait, if found in an exposed condition in the hands of a weakling, might very well be apportioned to a stronger master. It is therefore most urgent that Netherlands India shall at the conclusion of peace, be able to declare to the congregation of nations that it can itself defend Sunda Strait. If Japan sees that her interests are no longer being menaced by our weakness and sees the stuff its neighbors are made of, the relations between the two nations will reach a more firm and sure footing."

Travellers returning from Java all testify that the Dutch are rapidly strengthening the defenses of the Islands to resist seizure or future invasion. It is quite evident the Dutch do not contemplate handing over their colonies without a fight.

In the meantime, Dr. Nitobe, the eminent Japanese scholar and writer, now occupying the Chair of Colonial History at the Imperial University of Tokio, has been making a tour of the "South Seas," and recently returned to Japan, and made public his views as to conditions in Java. It is interesting to recall that in addition to advocating the seizure of the Dutch possessions because of their strategic menace to Japan, Japanese publicists have also employed the pretext of improving the conditions of the "down-trodden" natives, as justification for their occupation of Holland's colonies. It is refreshing to read in the *Japan Advertiser* an editorial summary of Dr. Nitobe's views. He admits that although he at one time also shared the opinion that the natives were oppressed, after seeing for himself what the Dutch are doing to ameliorate their condition he has completely abandoned it.

The *Japan Advertiser* therefore inclines to the belief that as Dr. Nitobe is a great authority on colonial affairs, his revised opinions are a direct challenge to the school of Japanese writers and politicians who believe that Japan's future is to be sought in the South Seas and who have advocated expansion at the expense of the Netherlands. The *Japan Advertiser* has apparently overlooked the fact that Dr. Nitobe also visited the Philippines, and while there, was interviewed by the editor of the *Free Press*. The Doctor's views are of special interest because of his prominence and intimacy with Marquis Okuma. He said, in effect:—

"So long as the Philippines are held by the United States, Japan is not worrying much about the islands. At the same time it would rather have the islands than not; but so long as they are held by the United States, Japan will not go to war in the hope of thus acquiring them, holding that they are not

worth the blood sacrifice that would be entailed, apart from the incidental financial expense. Nevertheless, should the United States withdraw, Japan would expect to exercise a controlling interest in the islands; and, should they be in danger of passing into the hands of some other Power, Japan would not stand idly by.

"For the present, Japan's policy in China and the Philippines is one of 'peaceful penetration' with the trend of emigration southwards. . . . As to the ever growing population in Japan, Dr. Nitobe thinks that they can take care of 80,000,000 by industrial expansion. If there must be emigration then it should be southward, as China is impossible on account of its already dense population."

It is evident therefore that Dr. Nitobe remains an advocate of expansion southwards. The question arises, where will the southward impulse of emigration from Japan make itself felt? Certainly not in Java, with its teeming population of 30,000,000, doubling their numbers in fifty years. If not in Java, perhaps Sumatra or Borneo, but here we have the identical same conditions as exist in Formosa; head hunters, warlike and savage tribes, hot, unhealthy climate, and all the other drawbacks to colonization, which have kept the Japanese out of Formosa.

Dr. Nitobe says the policy of Japan toward the Philippines is one of "peaceful penetration." To that end the Japanese have invested in sugar estates and other industries in the islands, and the Department of Foreign Affairs has given permission to the Osaka Shosen Kaisha to convey emigrants to Manila, providing that not more than 150 are taken each voyage, the permission to take effect on September 1st. The pressure from within requires a safety valve, and we now have the *Yamato* actually advocating the purchase of the Dutch East Indies. Would this help solve the question of the surplus population, or is it put forward solely for acquiring strategic control of the Eastern seas? At any rate it is a hopeful sign, when a leading Japanese daily inclines to the view, that if some other nation weaker than Japan, has something that the latter wants, the best way is to give something in return for the coveted possession. Holland is a European nation, and the Powers will not permit her to be treated like China.

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The Washington correspondent of the Philadelphia *North American* in a communication to his paper dated July 12, clears up the real object of Dr. Nitobe's tour of the South Seas. He says:—"Secret reports made to the administration by officials in the Philippines indicate that Japan has entertained hope, not entirely dissipated, of obtaining possession of the islands in the event of their liberation by the United States. Even then the islands would not be forcibly seized, but would be subjected to an extension of Japanese influence similar to the procedure followed by Tokio in the case of Manchuria and now of the remainder of China.

"It is quite apparent that Tokio regards the Filipinos unfit for self-government, that their liberation would result in anarchy and that this condition would furnish Japan a plausible excuse to assume a burden the United States had laid down.

"Purchase of the Philippines by Japan from the United States also, it appears, has been considered in Tokio. The administration has been furnished with the copy of a report made to Count Okuma, prime minister of Japan, by Doctor Nitobe, a distinguished professor in the Imperial University at Tokio, recommending that the Japanese government offer the United States 600,000,000 yen, about \$300,000,000, for the islands. Administration officials say they do not believe this report genuine.

"The purpose of the report apparently was to set forth the great desirability of the acquisition of the Philippines by Japan. It elaborates an exceedingly ingenious argument, made with a view to showing that it would be to the advantage not only of Japan to acquire, but of the United States to relinquish the islands.

"So far as the United States is concerned, the argument employed is that America could not, except by building up a tremendous naval and military establishment, protect the Philippines from aggression by a first-class power.

"Japan is in possession of the Ladrone, Marshall and Caroline groups of Pacific islands, seized from Germany, which effectually screen the Philippines from the United States. Japan is pouring its people into these islands, establishing enterprises

and developing their resources. Permanent occupation apparently is the Japanese intention."

TO OUR READERS

The policy of the FAR EASTERN REVIEW is based on a sympathetic recognition of the rights of all nations to equal opportunities in the trade and development of China. We have upheld the Open Door as the cardinal principle of American diplomacy in the East; on its rigid application hinges the independence of the Chinese republic, and the future peace of the world. We have fought for fair play for China in loan and railway agreements; we have done our best to bring about an equitable awarding of government tenders. We have criticised and condemned all tendencies toward the establishment and operation of favored monopolies for commercial combinations. We have tried to be fair and just to all, while adhering to our conception of right and justice.

We have watched with growing concern the tendency of some Powers to deviate from the doctrine of the Open Door and revert to the dangerous policy of the Spheres of Influence. We have noted with genuine regret that many of our contemporaries have condoned and justified these infractions of international law as applied to this part of the world.

Notwithstanding the proofs that were in our possession of irregularities and discriminations resorted to for the advancement of Japanese trade interests to the detriment of others, we have in the past, gone out of our way to seek for a justification of these actions. We have refrained from open criticism of Japanese policies and tactics, and ignored vital issues with America, believing as we do, with the historian Lecky, that:—

"Most modern wars may be ultimately traced to national antipathies which have been largely created by newspaper invectives and by the gross partiality of newspaper representations."

We have confided in the honor of Japan to do what is right in the long run. Up to the very day that Japan presented the demands to President Yuan, we imposed implicit faith in the *bona fides* of Japanese policy toward China, and that at the last minute the "splendid spirit of the Samurai" would assert itself. There was only one thing for an American editor to do when the Open Door and the independence of China were threatened, and that was, to carry the fight home to the press of America. We found it almost impossible to make headway against the skilfully directed Japanese publicity propaganda in the United States. At every step we were attacked and villified by the paid writers of the system. This campaign of denials, misrepresentation, refusal to adhere to or argue on the facts, and the discrediting of all those who entertain different views, has prevented a full and free discussion of both sides of these questions.

In presenting the other side of these questions, we do so with no intention of carrying on an anti-Japanese propaganda. It is our sincere hope that an intelligent presentation of pertinent and vital facts, will promote a healthy discussion and clear up many misconceptions. The issues exist. It is folly to close our eyes to them, or play the ostrich. If these questions are to be solved, a full and frank discussion of both sides is imperative. These issues cannot be settled by the full acceptance of Japan's viewpoint. Therefore it is no spirit of ill-will towards Japan or the Japanese which prompts us to take issue with their sides of the questions, but an honest desire to pave the way towards a peaceful, harmonious settlement with justice to all. There is only one ending to the present drift of international political currents in the Far East.

If the facts presented on the other side are unpalatable to the Japanese, they can thank the coterie of American publicists and lecturers working in harmony with their official publicity bureau, who have done all in their power to stifle free discussion by impugning the motives of those who disagree with them. On the whole, it is only fair to confess, that we have received courteous treatment from the Japanese in charge of the publicity work in America. Dr. Iyenaga, Mr. Chugo Ohira, Mr. Kawakami, Mr. Kinnosuki and others, have at least been gentlemanly in their retorts, and defense of Japanese policies.

This cannot be said of the most prominent American adjuncts to their system.

NEW CHINA'S MESSAGE TO AMERICA

"All orientals are subjected to unlimited oppression in the United States. China and Japan must stand together to break down the wall of racial prejudice," is the slogan of New China.

They are the words of *Generalissimo* Hwang-Hsin, "the Hero of the Revolution," or the "George Washington of China," as he is called in the American press.

Japanese newspapers are outspoken in their admiration of General Hwang and Dr. Sun Yat-sen, as the two prominent Chinese who fully understand and sympathize with their aims and policies. President Li Yuan-hung is also "pro-Japanese," while the new Minister of Foreign Affairs, Mr. Tang Shao-yi, is emphatic in his declarations that China must work together with Japan. The President has appointed Dr. Sun and General Hwang as his two High Advisers. What is the reason for this complete change in Chinese sentiment?

One day during the last week of July, a notable Chino-Japanese love-feast was held in one of the Chinese gardens on the outskirts of Shanghai. There were gathered together all the leaders of the Southern Chinese party, and the prominent Japanese officials and merchants. Many speeches were made, but no reports were given to the local press. Even the Chinese vernacular papers failed to publish extracts from the speeches. Shanghai wondered what it was all about, and then promptly forgot that the event had transpired.

The news that was so carefully concealed from China, was reported in full to Japan, where an inkling of the truth was allowed to leak out through the official *Japan Times*. From the short censored report it appears that General Hwang Hsin was the host at this notable gathering. His speech is fraught with sinister significance. The words should sink deep into the minds of American statesmen and editors. General Hwang told his hearers:

"Homed in Eastern Asia, Japan and China must needs understand each other and go hand in hand. While in America I have made a study of that country. Of all countries of the West, America is the most free. In spite of this, all Orientals there are subjected to unlimited oppression. Not the Chinese alone but the Japanese feel the effect of it. Seeing that even America is thus disposed toward the Orient, it is not difficult to infer from it the attitude of other Western countries. The racial wall that separates the East from the West may never be removed. Europe is now in the throes of a great war and for the moment it has no time to put its finger in Oriental affairs. But when the war is over, the European Powers will renew with increased vigour their movement of eastern penetration. Fortunately Japan and China are not directly involved in the struggle, and it behooves them that they now study and make plans to meet the onrush of events on the return of peace. Here in this gathering there is not one white man, all present being solely Japanese and Chinese, and I feel I am in the midst of my own countrymen. I can say what I like, with no fear of being misunderstood, which I could not do, if there were any white men here. Herein lies the foundation of Chino-Japanese friendship."

The editor of the *Japan Times*, then gratuitously adds the following editorial comment:

"His two years of residence in America have apparently opened the eyes of General Hwang Hsin to the kind of treatment his countrymen are receiving there. We have no desire, nor any reason for it, to distort facts, and to state facts only, no honest Americans in their frank moments will deny that the Republic of United States is making China pay heavily for its friendship, namely at the price of silent and ignoble submission to unchristian discriminations and prejudices. However, this by the way. General Hwang Hsin touches the key-note when he speaks of the wall of racial prejudices."

"The great work which Japan regards as one of her missions is the pulling down of this wall of racial prejudices. The assimilation of East and West, the harmonization of the two civilizations, the moral and intellectual elevation of Orientals, have all but one object, the emancipation of the East from the claim of superiority of the West. As General Hwang Hsin says, it is on this common object the foundation of Chino-Japanese friendship must be laid."

The outspoken and frank utterances of General Hwang are only surpassed by the confession of the editor of the *Japan Times* that "the great work which Japan regards as one of her missions is the pulling down of this wall of racial prejudice, and the emancipation of the East from the claim of superiority of the West." General Hwang Hsin, the *protege* of Japan, says that on this common object, the foundation of Chino-Japanese friendship must be based. It is well to remember that when the *Japan Times*, an official organ of the Japanese Government, is permitted to publish the above significant extract from the speech of General Hwang, he must have elaborated the point along lines of detail that would make most interesting reading for foreigners.

As General Hwang Hsin has sounded the key-note of New China's policy, so has Dr. Sun Yat-sen placed himself on record in unmistakable terms. During the negotiations over the Japanese demands, the *Mainichi* published a remarkable interview with Dr. Sun, then living in exile in Tokyo. Dr. Sun did not consider that the Japanese demands were excessive, and went on to say:

"China and Japan could not make any headway against the European Powers unless they combined. China would be ruined without the help of Japan, and Japan would be isolated unless China stood by her. The conditions of the world to-day demanded an effective alliance between China and Japan to maintain the peace of the Orient."

Do Americans understand what it all means? Under the leadership of Japan, the Chinese are being hypnotized into the belief that they can throw off the yoke of extra-territoriality, and then, with China's great resources and unlimited number of men, they will together batter down the wall of "racial prejudice" which bars the way to unrestricted entrance into America and the British colonies in the Pacific.

The heaven is working. Events are moving rapidly. Prince Yamagata feels the weight of his years and has expressed the desire to retire completely from official life. The way is being paved for the coming of Field Marshal Count Terauchi, to take over the premiership, and the leadership of the Choshu Clan.

If Japan is honest in her eleventh hour protestations of friendship for the Chinese, and the latter reciprocate the sentiment, and accept the aggressions of last year as an accomplished fact: if China is now willing to stand side by side with Japan to demand racial equality from the West, then it is time America woke up. The American Government is on record that it cannot recognize the impairments of the existing treaties as applied to China. While the war is in progress and America is preoccupied with her presidential elections, history is being made in the Far East. This is no time for America to indulge in day dreams. The East is stirring. It is preparing. Unless America arouses herself from her lethargy, she will rue the day that she listened to the preachings of professional pacifists whose lullabies have rocked her people to sleep while others were arming to conquer their place in the sun.

If Japan is not sincere in her professions of friendship and behind her words of amity and solemn promises to preserve the independence of China there lurks the menace of the Mikado's yoke; if China's independence is to be taken away by the same means and by the same man who ravaged the honor of Korea, it is time for America to stir herself, for in either case, the day will be perceptibly hastened when the United States will be brought face to face with vital issues in the Pacific which we have shirked and pussy-footed because of our unpreparedness.

IMPROVEMENT OF GRAND CANAL

On January 30, 1914, the Government of the Republic of China signed an agreement with the American National Red Cross Society allowing that organization to effect a loan of \$20,000,000 (United States Currency) for the purpose of improving the watercourses embraced in what is known as the Hwai River District—a region periodically visited by devastating floods and consequent famine.

The philanthropic character of the proposed loan for this work militated against its immediate acceptance in America, the war in Europe calling for the employment of vast sums of money in vitally practical avenues. The Red Cross Society, however, determined to pursue an investigation to determine just what labor and expense would be entailed in the scheme, and despatched an engineering commission headed by Colonel Siebert to make a survey. Colonel Siebert dealt with the subject exhaustively in a carefully compiled report, but the war still raged and the bankers of America, desirous as they might be of assisting to relieve a large section of the Chinese people of the terrors of floods and famine, found themselves unable to advance the necessary money to carry out the whole of the scheme. But they were later ready to consider one phase, which is of practical and lasting value, namely, the improvement of the section of the Grand Canal traversing the area, and embraced by the Yellow River on the north and the Yangtsze River on the south.

This famous and ancient waterway had been allowed to silt and deteriorate so much that in parts it has become practically useless to serve the country through which it passed, and as a first step in the treatment of the great flood and famine area its improvement should be of far-reaching importance, not only because it will provide uninterrupted communication with the distressed area but also because it will re-establish the Canal as an artery of commerce, thus making it of constant advantage to all traders desirous of reaching the rich regions that it taps.

Agreements have therefore been entered into with American financiers and contractors to undertake the work. It is divided into two sections, one the part of the canal which traverses the Province of Kiangsu from the Yangtsze, and the other the section which crosses Shantung province to the Yellow River.

The Agreements have been made with the American International Corporation, who are called upon to "recommend to the Chinese Government for appointment expert engineers to investigate and report upon the most recent conditions relating to all other works included in the Hwai River Conservancy scheme and to draw up detailed plans for the carrying out of the same, to serve as a basis for its arrangements for raising a further loan or loans in order to complete the whole of the said Hwai River Conservancy works."

With regard to the Kiangsu section the Government authorises the Corporation to issue a gold loan for an amount not exceeding \$3,000,000, U. S. currency, at 90 per cent, bearing interest at 7 per cent. per annum, to be paid semi-annually to the bond-holders. The term of the loan is to be twenty years, and the loan is to be redeemed in fifteen equal annual instalments by drawings, though provision is made that if the Government desires to redeem the loan after five years from the date of issue it may do so by paying a premium of one and a half per cent on the par value of the bonds. The loan is to constitute a direct liability and obligation of the Government, and is to be secured by all tolls and taxes, exclusive of *likin*, now levied or to be levied on the Grand Canal in Kiangsu Province, estimated at \$600,000 Mexican currency. Should the tolls and taxes not equal this amount the Government agrees to make up the deficiency from other sources. Safeguards against reckless expenditure are provided, the agreement stipulating that requisitions for loan funds for the carrying out of the engineering work shall be drawn up by the Engineer-in-Chief and approved by the Director-General, who, before endorsing the same for presentation to the Banks, shall consult with the contracting engineer as to the feasibility and reasonableness of the work proposed, the Contracting Engineer to furnish a certificate if he approves the work.

A Head Works Bureau, to be called the "Hwai River Conservancy Grand Canal Improvement Works Bureau," is to be established at the town of Tsingkiangpu. It will be under the direction of a Chinese Director-General, appointed by the Government, with whom will be associated an American Chief Engineer and an American Chief Accountant. Statements of the receipts and disbursements are to be made monthly in Chinese and English in the Department of the Chief Accountant, who is to organize and supervise and report upon them for the information of the Director-General and the Corporation.

In order to take charge of the collection of tolls and taxes which constitute the security for the loan, the Head Works Bureau will establish a Canal Department Office, the revenue collected by this Bureau to be paid into the fiscal agency of the Corporation to be applied to the interest and amortization of the loan until such is paid in full. The Director-General will have charge of the organization and management of the Bureau, assisted by the Chief Accountant.

The Agreement provides that the work shall be done on a percentage basis by contractors designated by the Corporation, "the Contractors to be a firm of known reputation, of high standing, and who have had large experience in the successful carrying out of great construction enterprises, and in whom the Corporation have the utmost confidence that the work entrusted to their care shall be carried out rapidly, efficiently and economically." This concern is to open an office in Peking where the principal accounts and records of the work shall be kept, the same to be open at all and any time to the inspection of the Chinese authorities and the Corporation. The Contractors are to give their personal attention to the enterprise and for this they are to receive as remuneration ten per cent of the cost of the work.

Insofar as the purchase of materials is concerned it is provided that those of Chinese make shall be employed if prices and quality are equal, otherwise American materials and machines will be used when the price does not exceed the price of the same quality in other foreign markets.

The Shantung Section

The agreement with regard to the Shantung Section was signed by the Government of Shantung Province, with the approval of the Central Government, and authorises the American International Corporation to raise a loan similar to the above, the first issue of bonds to be for \$2,500,000 U.S. currency, at 90 per cent. The interest is to be 7 per cent per annum and the term of the loan thirty years, redemption to be in twenty-five equal annual instalments, dating from the fifth year of issue. The security for the loan is to be (1) the lands which are to be reclaimed and owned by the Government of Shantung Province, approximately 300,000 mow, (2) the revenues of the Government derived or which may be derived from the Government lands effected by the proposed work, and also by additional revenue from the sale of, lease of, or taxation of all reclaimed or improved lands, as well as any special taxes which may be levied by the Government on lands benefited by the construction work, (3) all taxes derived or to be derived from all other lands affected by this improvement which the Government estimates to be approximately 500,000 mow, (4) all tolls and taxes now derived or to be derived from the use of the south Grand Canal in Shantung Province during the life of the loan, and (5) all machinery and tools purchased by loan funds. In case these revenues prove insufficient the Government undertakes to make up the deficiency with other revenues provided for in the budget of Shantung Province. If no money is available for repayment on the due dates then after a reasonable number of days of grace the Corporation shall supervise the collection of the revenues pledged as security for the loan.

The Government agrees to set apart a portion of the surplus receipts turned over by the Conservancy Bureau for the maintenance of the Canal. The proceeds of the loan are only to be used for the improvement of the South Grand Canal in Shantung Province, commencing at Pangchiakou and Lanhuangpa in the

north, and ending at Weishanhu and Taierhchuang in the south, and for such extensions as may be required, as well as for work in direct connexion with the valley of the Wen and San rivers, the Po river and marshes and other tributaries of the main canal, and for the improvement of the reclaimed lands. The work is to be completed within thirty months from the signing of the agreement.

A Head Works Bureau is to be established at Tsining-hsien, with a Chinese Director-General in charge assisted by an American Chief Engineer and Chief Accountant, both appointments to be made by the Director-General on the recommendation of the Corporation. The qualifications of the Chief Engineer are to be five years' experience in the engineering work of a well-known river; an engineer who enjoys the best professional reputation. The work is to be done by a Contracting firm as in the previous agreement.

The well-known contracting firm of Siems and Carey, of St. Paul, U. S., have been selected to carry out the scheme, and the selection is one which carries a guarantee for efficiency. In America the firm is classed amongst the largest railway builders of the world, their latest achievement being the construction in record time of a great section of the Grand Trunk Pacific railroad in Canada.

Mr. W. F. Carey, a partner in the Contracting firm, will personally conduct operations. He has recently been in America and returns shortly to manage affairs in China.



MR. PAN-FU

VICE-DIRECTOR GENERAL OF THE CONSERVATION BUREAU.

The area of the Grand Canal in Shantung covered by the agreement was described in a report published in the FAR EASTERN REVIEW for February, 1916. The Kiangsu section has yet to be surveyed.

In order to study the conditions of the Grand Canal in Shantung, and the various rivers and lakes connected with the Canal, the Grand Canal Conservancy Bureau of Shantung was established about a year ago, under the direction of Mr. Pan-fu, and has done a considerable amount of work. Various data were collected, a comprehensive survey was made and a project for a general improvement was drawn up. The proposed work in Shantung covers a distance of about 500 miles along the Canal, and is planned to benefit both navigation and reclamation. The returns from navigation are estimated to pay for the whole improvement work. The land which will be reclaimed is estimated at some

100,000 acres in the Tsining and Yutai districts alone, and after the necessary ditches are dug, dykes built, and public uses provided for it is calculated that 97,000 acres can go into cultivation. This is estimated to yield a net profit per annum of \$2,496,185.

The articles produced and manufactured in the districts dependent upon the Grand Canal for transportation are corn, salt, coal, tea, white wine (kaoliang), bean oil, bean cake, silk and cotton nankeen, dried dates, dried persimmon, hemp, ground nuts, timber, porcelain, bamboo materials, leather, medicine, etc. Foreign imports include cotton yarn, long cloth, kerosene oil, matches, paper, tobaccos, prussian blue, etc.

The craft utilised on the canal for transportation are of fifteen varieties. For instance a boat which loads fish carries nothing else; similarly with coal, etc. There are at present 8,050 boats with a tonnage of 99,000 plying on the Canal.

The chief credit for the advancement of the proposition to restore the Grand Canal to the position of usefulness which its ancient builders designed for it must undoubtedly be given to Mr. Pan-fu, the Vice-Director General of the National Conservancy Bureau. Mr. Pan has for many years made a close study of conservancy needs in the great plains of the Yellow, the Hwai, and the Yangtsze river valleys, and of late years he has particularly devoted himself to the Grand Canal areas. It was as a result of his labours that the present proposal was listened to by the American financiers. So methodical had the work of Mr. Pan been that he was able to convince the engineers representing the financiers of the commercial importance of the proposal without difficulty, and it was not very long after his negotiations with them on the Canal itself that the agreement to finance and carry out the work was signed. Mr. Pan was able to show that the Canal had become useless in places, and vast stretches of territory had become lost to agriculture, owing to the silting up of practically all the drainage systems of Northern Kiangsu—conditions which could easily be corrected. Rivers had lost their courses in time and had taken the Grand Canal as a common outlet, causing recurring inundations each of which left the situation worse than the last.

To correct this and to restore the Canal to its proper place in the commercial scheme has long been Mr. Pan's chief aim, and now that he has managed to have that work begun he is planning a wider scope for the energies of the Conservancy Bureau. He strongly advocates the Government to pay careful attention to the vagaries of the Pearl River at Canton; the condition of the Tungting Lake in Hunan Province—sources of annual trouble—and he urges that the Yellow River, China's greatest conservancy problem, should be grappled with tenaciously. He and the Director-General of the Conservancy Bureau, Mr. Chen Pang-ping, are now endeavoring to impress upon the Government the necessity of adopting a consistent conservancy policy with a view ultimately of ridding China of the curse which certain of her rivers have been to her.

Mr. Pan will have the personal direction of the work on the improvement of the Grand Canal, and China is fortunate in having an engineer who is so well versed with the conditions of the region to undertake the work.

THE MAN OF THE HOUR IN JAPAN

(Continued from page 94.)

attention for some time. Caucuses of party leaders have been meeting at his private residence and prolonged discussions have been going on about unity of opinion in the cabinet, especially in regard to the China question. Unanimity is not expected, however, without some change in the cabinet. It is believed that Count Okuma must go and give place to a younger and more virile supporter of the strong hand in China. In that case the name of Baron Kato is mentioned as future premier, since it is believed that he left the cabinet because he was not permitted by the Elder Statesmen to oppose British policy in China; but the man the nation would most heartily welcome at the head of affairs in Tokio is Count Terauchi, Governor-General of Korea. Remembering the adroit manner in which he brought about the annexation of Korea within two months after he assumed the office of Resident-General, the nation believes he is the man of the hour for Japan in handling the difficult China question. A man is needed whose strokes are swift, few, and effective."

GASTON, WILLIAMS AND WIGMORE

Three young men, each a specialist in his particular line of business, founded a new corporation in New York City with \$1,000 capital, just three months after the outbreak of the war. The first year's business of this new concern aggregated over \$47,000,000 with net profits of over ten per cent, or in excess of \$4,800,000, and a balance of several millions of dollars of unfilled orders on the books.

The firm is now known as Gaston, Williams and Wigmore, Inc., and its story has become one of the commercial epics of the war.

They started in a one-room office at No. 30 Broad Street with not a dollar's worth of war or peace orders. All were men of extraordinary energy. Each one of the firm had acquired by hard work one of the essential elements in success of such a firm, viz.: Knowledge of manufacturing, selling and transporting merchandise.

The three men together constituted a board of experts in the matter of finding out what kind of war munitions were needed, or what kind of merchandise was needed in foreign countries whose commerce had been paralyzed by the war, then buying the merchandise or the war munitions skillfully, and finally finding ways to ship it. In short, specialized ability, trained by doing small things well, combined with energy, quickness, common sense and courage enabled them to do big things successfully.

In eighteen months this firm of three young men grew from its single room costing about \$50 a month rent at No. 30 Broad Street, into a colossal organization, incorporated in New York, in London, in Canada, with important branches or service departments in France, Russia, South America, China, Japan, Portugal and Cuba, including twenty-two branches in South America, occupying a whole floor in the Guaranty Trust Building, with steamship offices in Equitable Building, with ships owned outright and others under charter, with assets valued at over \$17,000,000, with cash paid in actually exceeding \$16,000,000, with orders, war and commercial, rolling in from distant corners of the earth at the rate of about a million dollars a week.

The firm from the start had the powerful backing of the Guaranty Trust Company, one of the financial giants of America, as the young men early won the confidence of Charles H. Sabin, the president of that great institution. Charles H. Sabin became chairman of the board of the firm, and so the firm has become the largest exporting and importing firm in the United States. They are finding foreign markets for made-in-America merchandise, *outside of war orders*, at the rate of nearly fifty millions a year.

In April the capitalization of the firm was made 300,000 shares, of no par value, of which 150,000 shares were sold to a bankers' syndicate. The public subscribed for 83,000 shares,

the offering price to the public being \$70 a share. The cost to the underwriters was \$50.84 a share. The syndicate has about 67,000 shares left which it acquired at that price.

About the same time Gaston, Williams & Wigmore also sold \$5,000,000 of notes to the Guaranty Trust Company. Proceeds from the notes and stock went for additional working capital. On April 5, when the shares were first dealt in on the Curb, they were quoted at \$70 a share. The highest was 71, the lowest 48 $\frac{3}{4}$. It sold on May 27, at 52 $\frac{1}{2}$.

Since the beginning of the war, the firm have bought extensively for several of the allied governments, furnishing and shipping vast quantities of munitions and supplies. It is intended to extend its business into all commercial lines.

How the firm got its first order is told by Mr. Gaston in this way. Three days after the firm was incorporated for \$1,000, he sailed on the Lusitania. He was after war orders.

"I found," he says, "hundreds of fellows sitting on the doorsteps of the War Department in London, all on the same job as myself—anxious to book war orders. I knew the Government wanted motor trucks, and I had arranged with the Packard and White people to sell me in large quantities. They both had told me, however, that my mission was hopeless, as they had their ablest experts there.

"Finally, by push, not pull, I got a hearing.

"By convincing them that I could make quick delivery on the other side—having control of shipping facilities—I was given a trial order for fifty trucks for delivery at Liverpool.

"My partners rushed the shipment, and we landed them ahead of time.

"Our responsibility ended there. But I found that only three trucks a day could be forwarded to London. That was all the railway cars they had big enough to hold the monster crates.

"I jumped in. I wanted the War Department to get the trucks and not excuses. With the aid of my friend Henry

Thornton, formerly of the Long Island Railroad and now head of the Great Eastern in England, I had the British Isles combed for the big railway cars they possessed. Instead of three trucks, we landed the whole fifty in one night.

"I took the precaution of having mechanics sent over from this country, and bright and early in the morning they had every car tuned up, oiled up, filled up and running as smooth as velvet.

"I went straight to the War Department—proudly, I admit—was ushered in, and said: 'Gentlemen, your fifty trucks are at your garage with motors running, ready for action.'

"They were astounded.

"Not only did I receive contracts for more trucks—thousands of them—but they asked us to become their forwarding agents for all other truck shipments from Liverpool to London,



(World's Work)

MR. CHARLES H. SABIN,

AS PRESIDENT OF THE GUARANTY TRUST COMPANY, MR. SABIN IS ONE OF THE FINANCIAL POWERS OF THE UNITED STATES

a very important and exacting work, which had been in the hands of an English firm.

"We were made, also, the exclusive agents for the supply of American trucks to the Government. Under the contract we are still making shipments every week."

This revolutionary feat became the talk of the Allies.

The Russian Government was in a heartbreaking hole. It had no shipping facilities from America, and, besides, it could pay only in sterling, in London. This did not suit American automobile manufacturers. The Russians beseeched Gaston to hurry to Petrograd and help them out. He did.

One shipload of motor trucks was collected here and there at automobile factories of this country, put on a specially

cars, trucks, farming implements, metals, talking machines, electrical equipment, typewriters, locomotives, railway supplies and many other American products.

In April last the company had unfilled orders on its books for \$3,000,000 of automobiles and motor trucks due to the contracts it has for the exclusive sale abroad of these products manufactured by large American companies. These orders are from dealers and merchants in Russia for the commercial trade alone. The firm sold between \$6,000,000 and \$7,000,000 of railway supplies last year to Europeans and more than \$10,000,000 of aluminum, lead and other metals.

The firm now occupies the same position in the commercial field as that of the American International Corporation, which



MR. GEORGE A. GASTON

PRESIDENT OF GASTON, WILLIAMS & WIGMORE, INC., WHO IN CO-OPERATION WITH THE GUARANTY TRUST COMPANY HAVE ORGANIZED A NEW AMERICAN MERCHANT FLEET.



MR. WILLIAM H. WILLIAMS

TREASURER OF GASTON, WILLIAMS & WIGMORE, INC.

chartered tramp steamer in New York, the 8,400-ton Suruga, with an army of mechanics, carpenters and other workmen to make alterations in the motor trucks to suit them for army use on the way across the Atlantic. The entire shipload was landed at Archangel, Russia. Gaston went with them, so important to the firm was this first great shipment. The Russian Government refused to let him go home. His wife joined him, and he spent four months straightening out Russian transportation tangles—organizing an important subsidiary company there and booking more business for American manufacturers, American railroads, American ships and American workmen. The aggregate business of the firm is in permanent commercial lines, embracing motor

was recently formed by American financiers with \$50,000,000 capital to finance railroads, traction and public service projects in foreign countries.

With the new financing the concern will have the following capitalization: \$5,000,000 short term notes and 300,000 shares of stock without par value.

Charles H. Sabin, president of the Guaranty Trust Company, is at present, and will continue to be, the chairman of the Board of Directors of Gaston, Williams and Wigmore, Incorporated.

About a year ago the firm decided to extend their activities throughout the Far East and acquired the services of Messrs. J. J. Keegan and H. J. Rosencrantz to act as Managing Directors

of the Far Eastern Division, and to organize, establish and direct the business in this great territory.

The preliminary organization work carried forward under their direction aroused the interest of the strongest manufacturing interests of America and agency arrangements were concluded whereby the firm would represent those whose commodities were required throughout the Far East, and particularly the makers of machinery and equipment essential to the industrial development of the territory.

Messrs. Keegan and Rosencrantz have arrived in China and are giving their attention to the establishment of the Shanghai office, which will be the head office of the Far East for Messrs. Gaston, Williams & Wigmore, Inc., before extending the firm's activities in other parts. They have secured a splendid location for their offices on the ground floor of the Union Insurance Building on The Bund, which will be laid out as a combined office and show-room for the display of machinery and other

commodities in which they will specialize. A branch office of the firm has also been opened in Tokyo. They hope, by the exercise of a broad policy and legitimate methods, and by living up to the reputation of the firm in exactitude, vigilance, promptness and faithfulness to orders and contracts which put Gaston, Williams & Wigmore, first in the European field eighteen months ago, to also win commercial success throughout the Far East and particularly in China.

Although the new organization is backed by one of the greatest financial institutions of America and is capable of successfully carrying through transactions of any magnitude it must nevertheless not be considered as carrying a menace to the trade interests of others. For years many of the largest American manufacturers have been represented in China and other foreign fields by firms other than American, largely because of the fact that there were few large American merchant concerns doing business in foreign lands.

SHANGHAI CONSULATE PURCHASE

The victorious end of a struggle that began several decades ago came on August 18, when Mr. Thomas Sammons, the American Consul-General at Shanghai, turned over a cheque for Taels 425,000 to Mr. Edward I. Ezra in exchange for the six mow of land and buildings where the consulate is now located, on one of the finest sites for the purpose that could be secured in Shanghai, and practically the only one left that was suitable.

It is not the intention here to go into the history of this struggle, which has been brought to a successful conclusion by Consul-General Sammons, aided by the entire American community, except to detail the latter stages in order that Americans generally may appreciate the generosity displayed by Mr. Ezra, who was not at all directly interested, being a British subject.

Several years ago the Consulate secured an option on the property with the expectation that money was soon to be appropriated by Congress for its purchase. This option was renewed from time to time, as one Congress after another failed to make the necessary funds available. Meantime, the holders of the property had mortgaged it to Japanese interests, headed by the Mitsui Bussan Kaisha, for Tls. 225,000, and at the time when Congress was gradually coming around to see the necessity for this appropriation, the American Government had no option on the property, and it looked as though this very valuable site would be taken over by the Japanese, at a foreclosure sale, and be added to the already extensive premises of the Japanese Consulate, which adjoins it on the north.

The syndicate owning the property had previously approached Mr. Ezra, one of the largest property owners in Shanghai, hoping he would buy the property, and thus enable them to discharge the mortgage and obtain some cash from the transaction instead of taking chances on a foreclosure sale. This offer to Mr. Ezra, coming to the notice of the Consul-General, led him to take the matter of the purchase up with Mr. Ezra, and an arrangement was finally made whereby Mr. Ezra consented to advance the money necessary to buy the property, agreeing to turn it over to the American Government for exactly what it cost him.

The news that Congress had made the appropriation reached Shanghai by cable early in August and Mr. Ezra immediately set about purchasing the property. It had been offered to the Americans for Taels 475,000 and was offered to Mr. Ezra at Tls. 450,000, who made a counter offer of Tls. 400,000, and the syndicate, fearing they would have no other offer as good, before the foreclosure date, split the difference and sold the property to Mr. Ezra at Tls. 425,000.

Then came the announcement in the public press that the property had been bought on behalf of the American Government, which had appropriated \$355,000 gold for the purchase of this site. Then the syndicate, metaphorically, began to run around in circles, seeing that they might have sold the property

for the entire amount of the appropriation instead of overlooking \$63,000 gold, brought every possible pressure to bear upon Mr. Ezra to induce him not to conclude the transfer which he said he planned to make. Their efforts, however, were unavailing and the property was transferred as Mr. Ezra had arranged with the Consul-General at exactly the price he had paid for it, although it is understood and practically admitted by the syndicate that the Japanese were willing to go as high as Tls. 500,000 to secure this site as an addition to their consulate, and for the site of a great commercial museum which they had planned to build in Shanghai.

The ceremony of transferring the property was simple but dignified, and took place in the presence of officers of the various American societies, the Chamber of Commerce, American Association, University Club and the American Woman's Club, whose Presidents made complimentary addresses, thanking Mr. Ezra for his generosity towards the American community.

The buildings on this site are converted dwelling houses, not at all suitable for consulate or other offices, and it is expected that further appropriations will be made by Congress to permit the construction of a building that will justify the site which contains almost an acre of ground, has a river frontage of 275 feet, and occupies one of the most conspicuous locations in Shanghai.

WIRELESS FROM JAPAN TO HAWAII

Regular wireless service between Honolulu and Japan will be instituted before the end of September, if present plans go through according to schedule. Nichi Toikata, chief engineer of the Department of Communications of the Japanese Government, has completed his third test, and a fourth test between Tokyo and Kahuku will be made within the next month.

"We fully expect that the service will be established within two months," said W. P. S. Hawk, manager of the Marconi Wireless Telegraph Company of America, late in June when asked concerning the present tests that are being made. "Experiments have thus far been so satisfactory that we can feel assured that service will be instituted within a short time."

"All tests made during the past few months have taken place at Tokyo, and consequently we have not been notified of the advancement of the same, but the fourth and final test will consist of an exchange of messages between Honolulu and Tokyo, and it is hoped that the final test will be completed within a month. When this service is established it will revolutionize the sending of messages to the Orient, as it will be the longest commercial wireless service in the world. The distance from Kahuku to Tokyo is more than 4,200 miles, which is 1,000 miles further than the distance between wireless stations on the Atlantic. At the present time we can communicate with Tokyo at night, and when the day test is completed it will mean just one more step in advance on the Pacific."



THE OLD AND THE NEW CELEBRATION OF CHIN MIN FESTIVAL
BURNING PAPER AT ANCESTORS' TOMB



PLANTING TREES ON BARREN HILLSIDES

CHINA AND FORESTRY

(BY DAU-YANG LIN, M.F., YALE)

China has always been held up before all civilized nations as a horrible example of forest neglect. What forestry has done in other countries stands in bold relief against the background of deforested China. Deforestation has been allowed to go on for centuries and perhaps it will continue for many years to come.

One of the forlorn results of forest devastation in China is the scarcity of wood. This is being acutely felt and will be more so as time goes on. The new development in railroad, mines, and modern industrial establishments, and the change from the old type one-story building to the building of modern three-story, or higher, buildings is daily increasing the demand for wood in China. It is estimated that the greater portion of the present consumption is still from home supply, but this source of supply is becoming more and more limited and difficult to secure. This is accounted for by the gradual receding of forests to inaccessible places, and to get timber out of such places is very difficult and consumes lots of time, especially when the transportation problem in China is such a difficult one. It is said that from the forests in Southern Hunan Province it takes from one to three years to float down the rafts of logs to the markets on the Yangtse River, and that it takes even more time from the forests in the more distant provinces to the main markets on the Yangtse.

Our largest sources of foreign supply to-day are Japan, United States, Russia, Siberia, Korea, Philippine Islands, Canada and the Indo-Malayan district. The so-called "Oregon

pine" which is being shipped to China in such large quantities is called "China quality," and includes much that is not marketable in the United States. But even such quality commands a good price in China. Our railroad ties, timber for ship building, mining, and the construction of wharves and modern houses, etc., are all imported from foreign countries, chiefly from Japan, Australia and America.

In the March issue, 1916, of the FAR EASTERN REVIEW we find the following statement regarding the lumber industry in

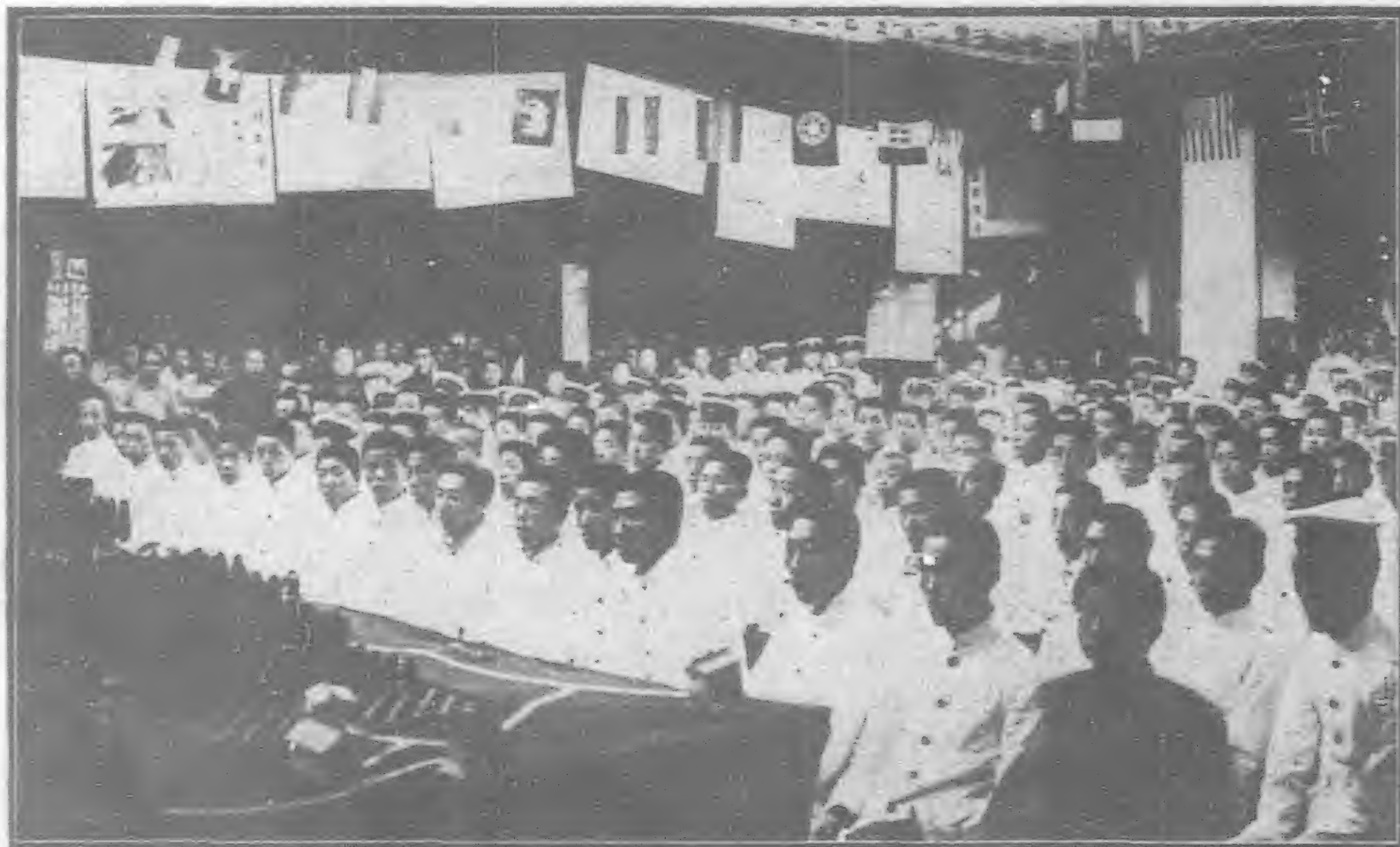
Hokkaido, (which contains 25% of the vast forested area of Japan):

"In 1914, the last year for which statistics are available, Hokkaido exported pine and oak and a small amount of other Japanese wood to the value of Y6,519,222. Practically all of the export material was for furniture-making and for railway sleepers. Of the entire amount, China and Manchuria took approximately one third."

Looking over the lumber trade conditions of China for the years 1912, 1913, 1914, we note the lumber import for 1914 was

more than double that for 1912. It is but natural for us to expect a still greater increase with the industrial and social changes that are going on so rapidly in China.

It is estimated, we are to-day consuming about 2,400,000,000 board feet of lumber (mostly home supply) per year, worth Mex. \$64,000,000. For a population of 400,000,000, based on the industrial organization of such an economical wood using country as Germany, there would be needed, according to an American forester, at least 30 billion board feet of lumber



STUDENTS OF NANKING UNIVERSITY HEARING ADDRESS ON FORESTRY

a year. Assuming that by extra economies and a development of substitutes, China, after developing along modern industrial lines, could get along with one half that amount, or 15 billion board feet, even this at an average value of \$35 per 1,000 board feet would amount to \$525,000,000. Where are we going to get this amount? The home supply is decreasing yearly.

We have about 6,000 miles of railroads and doubtless many more thousands of miles will be added within the next decade. These 6,000 miles of railroads lie on not less than 12,360,000 wooden ties and require 2,470,000 ties annually for renewals. Where have we been getting our ties? In North China, we use Japanese ties. In Central and South China, Australian ties are used. We cannot very well build a railroad line without paying large sums for imported ties.

Deforestation and the results thereof are familiar to all. Travellers have always called attention to it. Many naturalists have expressed thanks to monks and to the useful idea of Fungshui, for they have preserved many forests and trees that would have become extinct. In the interior we often see that because of the scarcity of fuel farmers have to go miles to cut grass and dig roots for fuel.

One cannot appreciate the effect of deforestation, unless he has been into the interior of China. The vast tracts of land in Kwangtung, Shansi, Shantung, and the Yangtse plains have been rendered waste,—not because the mountains and hills have ceased to produce wood, but because the valleys and slopes, left unprotected, have become unfit for agriculture. We have seen how destructive it would be for unrestrained water to rush down the slopes, making gullies, washing and flooding the fields below. The writer still remembers most vividly the time in Pukak (a village in Kwangtung) when after a rain of a fair size he had to walk through the flooded rice fields located at the foot of some denuded hills. Even the elevated paths between these fields were absolutely covered with flood water.

Traveling in the northern interior of Fukien we see many tea farms. Some of these farms have been abandoned because they have become so eroded and the soil has been so robbed of fertility, that tea bushes simply do not grow, or do not produce sufficiently to warrant the continuance of their cultivation.

Forests regulate the flow of streams. Even and steady stream flow is important for navigation. The rapid rise and fall of the flow of some of our streams has been a great hindrance to navigation and hence to the development of our internal commerce. The people of Yenping, Kienyang, and Shaowu, in Fukien, tell us that in rainy days the Min River will rise to 30 or more feet high, often to the level of their busy streets, and that when there is a deficiency of precipitation it becomes rock-strewn and exceedingly dangerous to navigation. The mountains and hills along the Min are well wooded up to Yenping, but after passing Yenping the river goes into a territory which is treeless and often bare, and this accounts for the great difference between high and low water.

Again, in Chekiang, why is it that on rainy days the Chientang rises abnormally to 10 or 15 feet and not infrequently floods the fields on both sides? Why, when it is not raining, does the river become almost unnavigable for small flat-bottom

boats? The mountains along the Chientang are almost treeless; in many places they are bare of vegetation of any kind. Forest fires are seen everywhere. Occasionally a few clumps of pines may be discerned, but as one Civil Governor has described them, they are for the benefit of the dead whose habitation seems to need protection more than that of the living.

One botanist has said, after pointing out the serious effect of the loss of forests on the climatic conditions of China: "The effect on the general contour of the land from erosion, the depredations made by extension of river-beds, from silting and the exposure of crops to full climatic conditions, should engage the serious attention of those interested in the welfare of the agricultural population." The words of such a far-seeing foreign observer should be taken as a warning.

It is estimated that the Mississippi River carries to the sea every year enough finely divided silt—the choicest alluvium and the most fertile part of America,—to spread one foot thick over 250 square miles of land. If this is a fair estimate, we have some idea regarding what our three great rivers,—the Yellow,

Yangtse, and Pearl,—are doing every year, when we come to think that watersheds for our three rivers are much less wooded than those for the Mississippi. The enormous loss of fertile soil has resulted not only in the abandonment of our farms, but also in the filling up of many of our navigable streams. Reforestation is no doubt one of the best and most permanent means of checking this loss.

We have many floods every year, and the number is increasing yearly. It is needless to enumerate the floods we have had or to mention the misery and loss they have caused. We have had floods this year, we are going to have them next year, and will continue to have them for years to come. Now floods are most destructive. A flood in the Seine, in France, in 1910, is said to have cost that nation \$400,000,000 Mexican. How many billions of dollars have we already lost from our different floods? Can they be prevented? Yes, but only at great expense. Forests alone will not prevent them. We must all admit however, that forests do lessen their severity

and will stop some of them that are local in extent.

Ordinary countries with a forest area of 20% or less show bad climatic conditions, with prolonged droughts, and alternating floods and low water. Portugal, with a forest area of only 5% of the total land area, Spain with 13%, Italy with 14%, are good examples of this. Just how much forest area China has, nobody knows, but from what has been written about it and through correspondence and interviews, the writer is inclined to think that the percent of area forested in China is fearfully small, perhaps too small to be considered. If the forest area were insignificant, it is no wonder why China has been suffering from bad climatic conditions within her bounds.

Where China Stands

Now comes the Problem. Forestry is important in human economy. Agriculture alone cannot fully utilize our greatest resource—the land. There must be forestry to go with it. Most nations have long recognized this fact and they have developed definite forestry policies. Thousands of men have been trained



REFORESTING PURPLE MOUNTAIN, NANKING



OPEN AIR LECTURES ON FORESTRY



NO HALL BIG ENOUGH TO ACCOMMODATE CROWDS

to carry out such policies. These men are engaged not only in preserving the forest resources they already have, but also in reclaiming land that has been lost to production. The millions of dollars France has spent ought to open wide our eyes to the magnitude of a nation-wide reforestation program, since forest waste can be repaired only at great cost. German forestry, which has led in scientific thoroughness, shows what ought to be done with, and got from, lands which are not fit for agriculture.

According to latest information, we learn that our Government has started to organize a Forest Service to be under the Ministry of Agriculture and Commerce. An appropriation of Mex. \$181,000 has been set aside for this year, and there are at present about 70 men working in the new Service.

Now let us examine and see where China stands when she is brought together with other countries for comparison.

Table I. Personnel Forest Service

| Countries. | Number of men employed in Forest Service. |
|-----------------------|---|
| Russia | 36,259 |
| India | 10,508 |
| Germany | 9,300 |
| United States | 3,953 |
| Japan | 2,872 |
| China | 70 |

The foregoing table shows the number of men employed in the Forest Service of different countries. It is plain that China with her enormous area must greatly increase her working force as time goes on. Germany with an area of 208,810 square miles, or about 1/20 the size of China, has more than 9,000 men working in her Forest Service. If China is to have as efficient a Service as Germany, how many men must she have at her disposal? This we shall watch with a good deal of interest.

Again let us compare the annual expenditures of the Forest Service for some of the countries.

Table II. Expenditure of Forest Services

| Countries. | Expenditure. |
|-----------------------|-------------------|
| Germany | Mex. \$46,368,000 |
| United States | 9,500,000 |
| India | 8,532,000 |
| France | 5,244,000 |
| Austria | 4,865,000 |
| China | 181,000 |

It is evident that China under the present conditions cannot undertake to do much in forestry matters. She is too poor, and very likely she will continue to be so for some time to come.

But the lesson which has been clearly brought home by foreign forestry is the need of proper action *now*, so let us hope that the beginning China has made will soon grow to its proper size.

We have, according to a recent issue of the FAR EASTERN REVIEW, about 357,827,000 acres of cultivated land in China proper, Manchuria and Sinkiang, not considering Mongolia and Thibet. If this is a fair estimate, we may conservatively say that there are about 1,207,791,560 acres of lands that are either not yet cultivated or not fit for agriculture.

Undoubtedly those lands which are not fit for agriculture form a much larger portion of the uncultivated and they as such should be devoted to forestry purposes. Now if China were to get a net revenue of say \$1.00 per acre (ridiculously low) we would get some idea of the enormous revenue which should come from these millions of acres of lands yet to be developed.

What forestry has done in other countries shows, first of all, that forestry pays and that it pays best where the most money is expended in applying it. Both these points are very clearly brought out in the following table taken from U.S.A. Forest Service, Circular 140:

Expenditure and Revenue of National Forests

| Country | Total net revenue from Government forests. | Expenditure per acre. | Net re- venue per acre. |
|---------------------|--|-----------------------------|-------------------------------|
| Wurtemberg | G. \$3,098,428 | G. \$2.05 | G. \$6.60 |
| Saxony | 2,299,000 | 3.00 | 5.30 |
| Baden | 829,162 | 3.58 | 4.42 |
| Hesse | 744,209 | 1.25 | 4.29 |
| Switzerland | 237,663 | 1.32 | 2.55 |
| Prussia | 17,054,144 | 1.58 | 2.50 |
| Bavaria | 5,128,348 | 1.99 | 2.22 |
| France | 4,737,250 | .95 | 1.75 |
| Italy | | | .33 |
| Hungary | | .34 | .32 |
| Austria | 5,313,000 | .56 | .21 |
| Roumania | 482,000 | | .18 |
| Spain | | | .17 |
| Sweden | 1,677,672 | .02 | .09 |
| Russia | 21,500,000 | .01 | .032 |

The above table shows that higher productiveness comes under larger expenditure. The more money China spends in forestry, profiting by experiences of foreign nations, the more revenue she will surely get on account of higher productiveness per acre.

Some Practical Suggestions

Without making any pretension to laying down a complete forestry policy, the carrying out of which would naturally be a

rather lengthy process, a few suggestions are here offered which I consider to be practical, and, inasmuch as they involve very little expenditure of money for their carrying out, they ought to claim the immediate attention of our Central and Provincial Governments.

No doubt the most important thing for China to do now is to educate her people. Every modern movement depends for its ultimate success upon a sound public opinion and the intelligent support of the people as a whole, and this is especially true of forestry. The people must be educated to understand and to appreciate the importance of forests and their many benefits to the people at large. Such education can be brought about in several ways.

Lecture work among the people is necessarily important. The lecture if made graphic by models, charts, and specimens will be most educative and effective in arousing public interest, and this has been found to be so through experience by the writer. Such demonstrated lectures should be given in every province, and the lecturers, besides preaching on the principles of conservation, should be prepared to answer questions dealing with local forestry problems and to suggest simple and practical solutions for the same. These lectures will be doing what we call "Extension Work," and it would not be too much if the Central Government required each province to make a small appropriation for their support. It may be mentioned that such lecturers ought to become connected with their respective provincial agricultural college.

Hand in hand with public lectures and illustrated talks, some systematic newspaper propaganda should be of great value. This should aim at the people of the educated classes who otherwise could not be reached. Perhaps such work can be done best by the Central Forest Service. It is most gratifying to learn that the University of Nanking has started such newspaper propaganda work already. The work as reported has been most fruitful of results, and inasmuch as it incurs very little expense, our government should have no hesitation in undertaking the same work. The University of Nanking has been receiving letters of encouragement from governors, tao-yuin, missionaries, and newspaper editors, of which the following is a specimen:

"Your letter and articles have been received. I beg to thank you for the same. In our region agriculture and forestry are rather undeveloped. If you will give us your articles from time to time, not only will the value of our newspaper be increased, but the agricultural and forestry conditions of our district will be improved."

The tone of such a letter cannot but impress upon us the great opportunity of publicity through the press, and doubtless it should be fully utilized in the dissemination of forestry ideas among the people.

Then the Forestry Association is an institution that cannot be dispensed with in the matter of educating the public. It should be composed of men of all professions that are interested in forestry and conservation matters. In the United States, Canada, and other countries, such Associations, representing a combined and organized effort, have played and are still playing an important role in creating and also in keeping public interest in forestry alive. Now if such an institution is established in China, it would surely exert a guiding influence not only to our people, but also to our government in her legislation on forestry matters.

Promoting Useful Existing Customs

There are some customs in China the observance of which will go far in helping the development of forestry, and such

customs should be properly preserved, and any of these customs that are local in extent should be made known to the people at large.

In the vicinity of Yenping, Fukien, there is a custom among the people which no doubt has been partly responsible for the wooded condition of that part of the country. The custom is that of starting a forest plantation at the birth of a male child in the family. The plantation so started is generally cut when it is twenty years old, the time when the boy is old enough to marry. The money obtained from selling the trees is used to defray the wedding expenses of the boy. Such a planting custom is unique, and it will do well for the people of other parts of China to know about it and to observe it if possible.

Again traveling in the interior of China, one will always find remnants here and there of the original forests, some of which cover good sized tracts. These remnants of forest have been preserved on account of the vicinity of monasteries, the sacred character of the localities, and the useful ideas of fungshui, but as has been brought out "the sentimental appeals of the priests and poetical associations of places and scenery and even the powerful considerations of fungshui appear to be on the wane, and to be giving place to more utilitarian views." If this is true, then it is time that something be done to revive and to preserve these old but useful ideas, and this can be done only through some organized effort. Perhaps the central government can do it readily by co-operating with local clubs and guilds.

The practice of planting a few trees around graves is common in China. Such a practice is very good indeed, and should be preserved. Our system of burying (which may have to be changed) is different from that in the West. The scattered groves of trees we see on hills or plains invariably mark the presence of graves. While the graves are well taken care of, such trees often grow to enormous size, and they ought to make excellent seed trees for surrounding country if the seedlings are properly handled and protected—a point worth considering from the forestry standpoint.

Perhaps the greatest thing our government has done from the forester's point of view is that of arborizing (if I may use such a word) the Chin Min Festival. Chin Min hitherto has been observed as an occasion for cleaning ancestors' graves and this cleaning consists of chopping down and burning little shrubs and trees that might have grown around the graves. Traveling in the interior of China, we find that most forest fires in the spring have been caused by such cleaning. Now by the presidential mandate of May 1st, 1915, the Chin Min Festival has been made the Arbor Day for China—a day for the whole nation to plant a few trees to show the importance of the forest tree in the life of a nation. That such a mandate has been issued is significant and if properly carried out every year should go very far towards promoting forestry among the masses, can not be doubted.

In the *China Press* of April 7th, this year, we find the following account of the observance of Chin-Min Festival in Hangchow:

"Chin-Min was celebrated here as usual but a new and significant feature was added in the observance of arbor day. It was the first observance of this day in the Province and the beginning of a conservation movement which will have great bearing on the industrial life of the Province.

"During the past few weeks more than twenty thousand trees have been set out on the hills around West Lake and within the present year three million seedlings and trees are to be set out. Special Arbor Day exercises were held this morning to take the public into the work. A number of schools sent representatives, the civil Governor sent a representative in the person of the Commissioner of the water police, the Taoyuin and the local Magistrate were both present. They and a number of other prominent visitors



AUTOMATIC MODEL TO SHOW GROWTH AND HARVESTING OF FORESTS



VIEWS OF FUKIEN PROVINCE, SHOWING HILLS ERODED AND BARREN DUE TO LACK OF FORESTS AND RAPID RUN-OFF OF RAIN, LEAVING STREAM-BEDS DRY WHEN WATER IS MOST NEEDED FOR IRRIGATION



took part in setting out a number of trees. . . The principal speaker on the program spoke on the importance of the exercises of the day as an example and inspiration for the Province, but he placed the strongest emphasis on the preservation of the trees which were being set out."

Again in Nanking, Anking and other places thousands of students, officials and gentry turned out to celebrate the first Arbor Day of China. Right here our attention might be drawn to the possibility of arborizing in one way or another some other existing festivals or customs. It is certainly far from being too much to have the whole nation think, say two or three times a year, about the importance of forest trees as guardians and custodians of the necessities of life and the happiness of the nation.

In connection with arbor days, I might suggest that each hsien or district devote a good-sized tract of land specially for their celebration. It should be non-agricultural, central and easily accessible, and on it roads should be laid out to facilitate planting. Planted areas on the tract will increase in size naturally with each celebration of public planting, until the entire tract is planted over. When the different plantations grow up, they ought to serve as a sort of demonstration forest or as a park for the people of that hsien. The local magistrate or a committee of village elders will be held responsible for the protection and management of such a planted forest. It is estimated that we have 1,783 hsien in China and to have that many hsien forests started all over China will mean a great deal to the development of forestry in this country. Such forests will be like 'communal' forests and, if properly cared for, ought to serve to demonstrate to people the practicability and advisability of reforestation, not to say they will serve as wholesome playgrounds for the hsien people.

Some Government Actions

It seems that one thing the government can do and ought to do is to draw up an agreement concerning reforestation whenever mining or railroad concessions are granted. Mining concessions should have forestry clauses which require the companies to afforest and to re-afforest areas that have been

mined. In this way the Government need not spend a cent to have many hills and mountains planted.

Again in the case of railroad construction some rules might be had to get the different railroad officials to plant trees on each side all along the lines to the width of say 500 feet more or less whenever possible. Such plantings besides beautifying the country ought to make good investments for the railroad companies in 15 years or so, in view of the constant demand for ties for construction and renewals. It is evident, that if it had some definite forestry policy in her dealing with concessionaires they could be depended upon to do much reforestation work at their own expense.

Another thing the government might do, is to devote a little space to forestry in text books used in primary or high schools. The child should be given an opportunity to understand forestry as one of the important economic and public questions of the world. He should be told, for instance in his study of geography, how forests influence streamflow, how the removal of forests has caused our floods to become worse and worse, and in his nature study work he should be taken to see the work of little torrents, how exposed soil is washed and gullied and how various kinds of vegetation modify these effects. Such knowledge as the child gets will leave lasting impressions and will qualify him later on to take an active and intelligent interest in shaping the nation's forestry policy.

Perhaps the most urgent thing our Government should do now is to provide reasonably adequate protection to the tens of

thousands of people who would be only too glad to take up forestry either as their vocation or avocation. Such people are not ignorant of the effects of forest planting and of forest denudation. They have not allowed an inch of their agricultural soil to go to waste, and surely they do not care to see thousands of acres of land that ought to be devoted to forestry, remaining idle, unproductive and a detriment to society.

Traveling and lecturing in the interior of Fukien, Chekiang, Anhwei, and other places, I have met with hundreds of people who would say: "We all know forestry and the importance of forestry. We love to reforest our hills and make them as productive as our farms, but circumstances do not permit us.



NURSERY OF FOREST TREES IN CHEKIANG PROVINCE

We have not proper forest protection. Some of our neighbors may accidentally, carelessly or otherwise, start a fire that burns over our planted acres, thus killing our attempts at reforestation, again others may steal or chop down trees before they are matured." I have heard such complaints time and again and certainly there should be immediate action taken to remedy such a state of affairs. After all it is proper protection to people that is most important. Any amount of lecturing and educating may be done, but unless the people are given proper protection to their undertaking forestry or any other occupation, they can not be expected to do very much.

How can we protect private plantings and plantings in general, against fire and theft, the two greatest enemies to the practice of forestry? Without going into detailed discussion of the subject of forest protection, I would like to make a suggestion which I consider practical and the carrying out of which entails little expense. Every hsien should have what we call a fire warden or forest police and if the hsien is large and mountainous, may employ two wardens. The warden will be in the employ of the hsien government, acting under the advice of both local magistrate and a committee of local men. In view of the constant transfer of local magistrates from one hsien to another, it would be better to leave the selection of the warden

in the hands of the committee, who naturally can do the selecting more efficiently on account of their knowledge of local conditions. The warden should be in uniform and should always be traveling from place to place within the hsien. His duties may be briefly outlined as follows:

- 1.—To make visits and to hold conferences with men in different places that are interested in forest protection.
- 2.—To post notices warning people concerning fires theft and punishment for such misdemeanor.
- 3.—To report to the local magistrate persons who have violated the forest laws (our central government in December of 1914 promulgated a set of well considered forest laws).

Evidently it would be quite difficult for the warden alone to carry out satisfactorily the different lines of work as outlined above. But even single-handed, he could do much by co-operating closely with the people in the different parts of the hsien. Such a suggested plan for protection it must be remembered is only meant to tide over the present situation. For complete prevention and control of forest fires there must be a much greater force, plus a system of fire lines, lookout stations, etc., but such we know can not be had in China for many years to come.

HAN YEH P'ING WORKS PROGRESS

According to Dr. S. T. K. Woo, superintendent of the Hanyang Iron and Steel Works, the following is a resume of the work done during 1915 by the Han Yeh P'ing Iron & Coal Company, Limited:

The output of the iron and steel works was as follows: Matin iron, 34,906 tons; foundry iron, 101,635 tons; rail steel, 30,776 tons; mild steel, 16,624 tons. The output of the Tayeh iron mines was 545,819 tons of iron ore, and that of the Pingsiang colliery was 365,000 tons of coal and 273,000 tons of coke.

"During the year the following additions to the plant were completed or in hand: one blast furnace, capacity 250 tons per diem; eight Babcock & Wilcox boilers; one steel chimney; one Turbo blower; plant for unloading ore and stone and loading pig and steel products mechanically on the wharves; machinery for removing pig iron from the casting bed and pig-breaking; open-hearth furnace of 70 tons; and, in the dolomite mill, four calcining cupolas and a grinder.

"An improved water system to utilise water from the river, for which the necessary settling beds and water channels have been also completed. During the year there was a rise in value of 9 per cent. in pig iron and over 100 per cent. in steel structural materials.

"The present staff comprises 17 Chinese engineers and 10 foreign engineers and foremen, one foreign chemist, 252 general staff, 2,000 skilled workmen, and 2,500 labourers."

"Shipments of steel rails from the Hanyang Iron and Steel Works decreased 220,000 piculs, but pig iron shipments increased 214,000 piculs, the total export amounting to nearly 1½ million piculs. Iron ore exports from Tayeh to Japan exceeded the 5-million-picul mark and show an increase over the previous year's figures of 100,000 piculs."

HANKOW'S COTTON AND SILK MILLS

The Wuchang Cotton Mills at Hankow have had a good year, and a profit of 750,000 taels is reported to have been made. Owing to the strained relations between China and Japan in

the spring of 1915, there grew up a big demand for local cotton yarn, and more orders were received than could be executed. The output of yarn is said to have been 60,000 bales of 300 catties each. Four qualities of shirtings were manufactured, besides canvas and cotton duck. 1,500 pieces is the daily output.

A part of the mills is now under repair, and when completed it is estimated the daily output of piece goods will amount to 2,000 pieces.

The silk factory, run in conjunction with the cotton mills, has also had a prosperous year, a brisk demand having arisen for silk products from abroad. The cocoons used come principally from Mienyangchow and Hanchwanhsien, in Hupeh province. The Wuchang Mills have, since the beginning of 1916, added a hemp factory to the other undertakings. This will manufacture, from a mixture of hemp, silk, and cotton, a fancy cloth or gauze, which is so much worn by the Chinese. It is expected that there will be a big demand for this cloth from all the provinces.

The total number of employes of the cotton mills for the three concerns is over 5,000 males and some 2,900 females. The working hours are from 6 A. M. till 7 P. M., with one hour's rest at noon. A second cotton mill, with a capital of 4,000,000 taels, is shortly to be established on the Wuchang shore, opposite the British Concession.

MANUFACTURES AND RUB- BER OF INDO-CHINA

Practically all manufacturing industries of Indo-China have been seriously crippled by the war. The cotton spinning and weaving industry of Tonkin was less affected, although much of the cotton yarn which appears in the list of exports consisted of imported yarn reexported into Yunnan. The silk industry of Anam was seriously crippled. The large mill at Quinhon ceased operations because of a lack of market for its goods. Native raw silk, which was exported to France and other parts of Europe, diminished from \$358,591 in 1913 to \$195,000 in 1914. However, the hand looms scattered through the native villages of Anam and Tonkin were constantly employed, and the exportation of manufactured and embroidered silk increased from \$96,195 to \$135,000.

The rubber industry of Cochin China is gradually developing, and in a few years the output of the caoutchouc plantations will figure among the leading products of the colony. The decrease in exports was due to a lack of market. As late as January, 1915, just before the export prohibition of this article was extended to Indo-China, the leading rubber exporters were seeking a market for their product in the United States.

CONDENSATION OUTFIT FOR LOW PRESSURE SYSTEMS

The illustration shows a condensation outfit recently placed on the market by The Goulds Manufacturing Company, Seneca Falls, N. Y., U. S. A., for pumping condensation returns back into the boiler on low pressure heating systems. This outfit consists of a Goulds

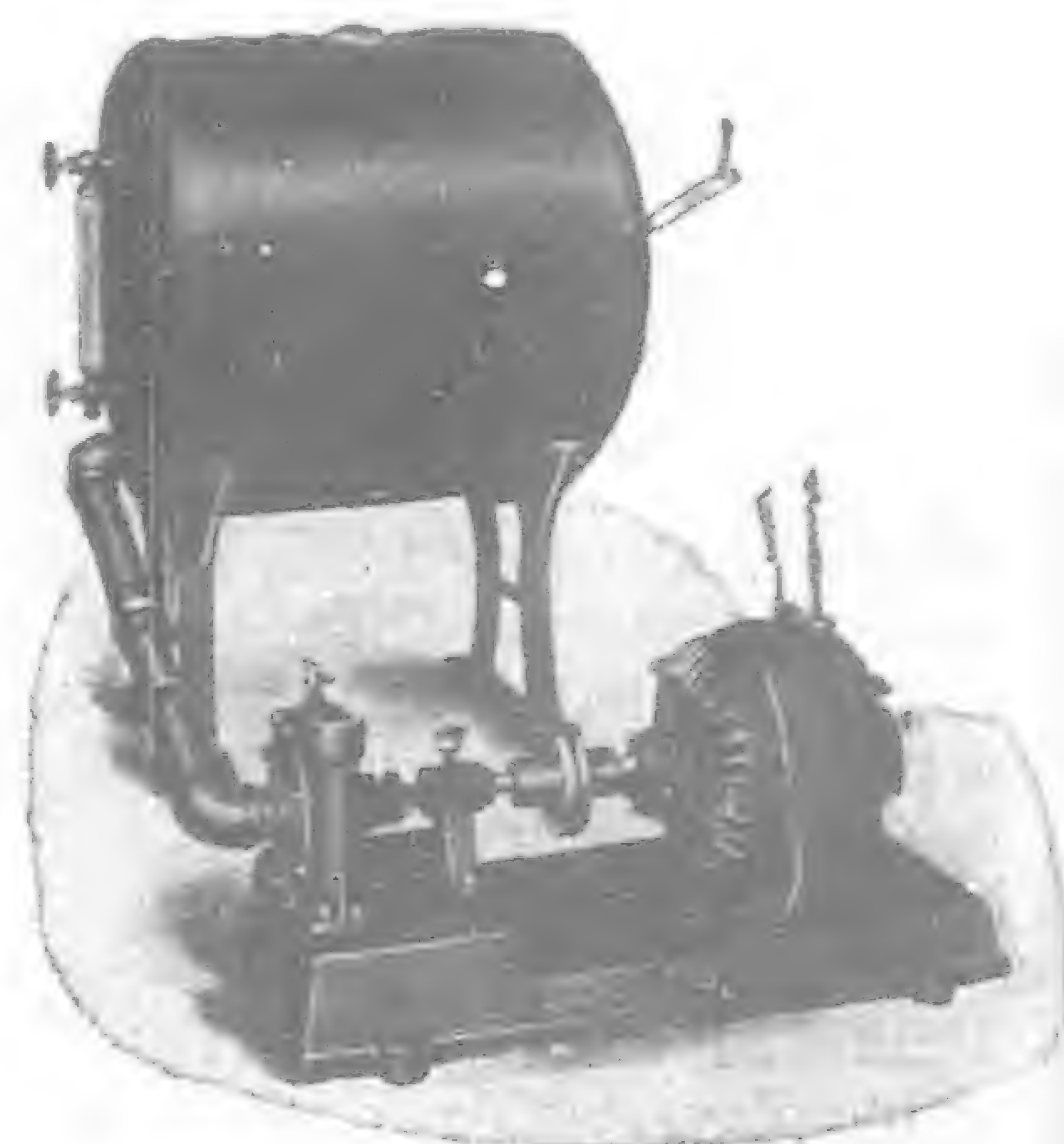
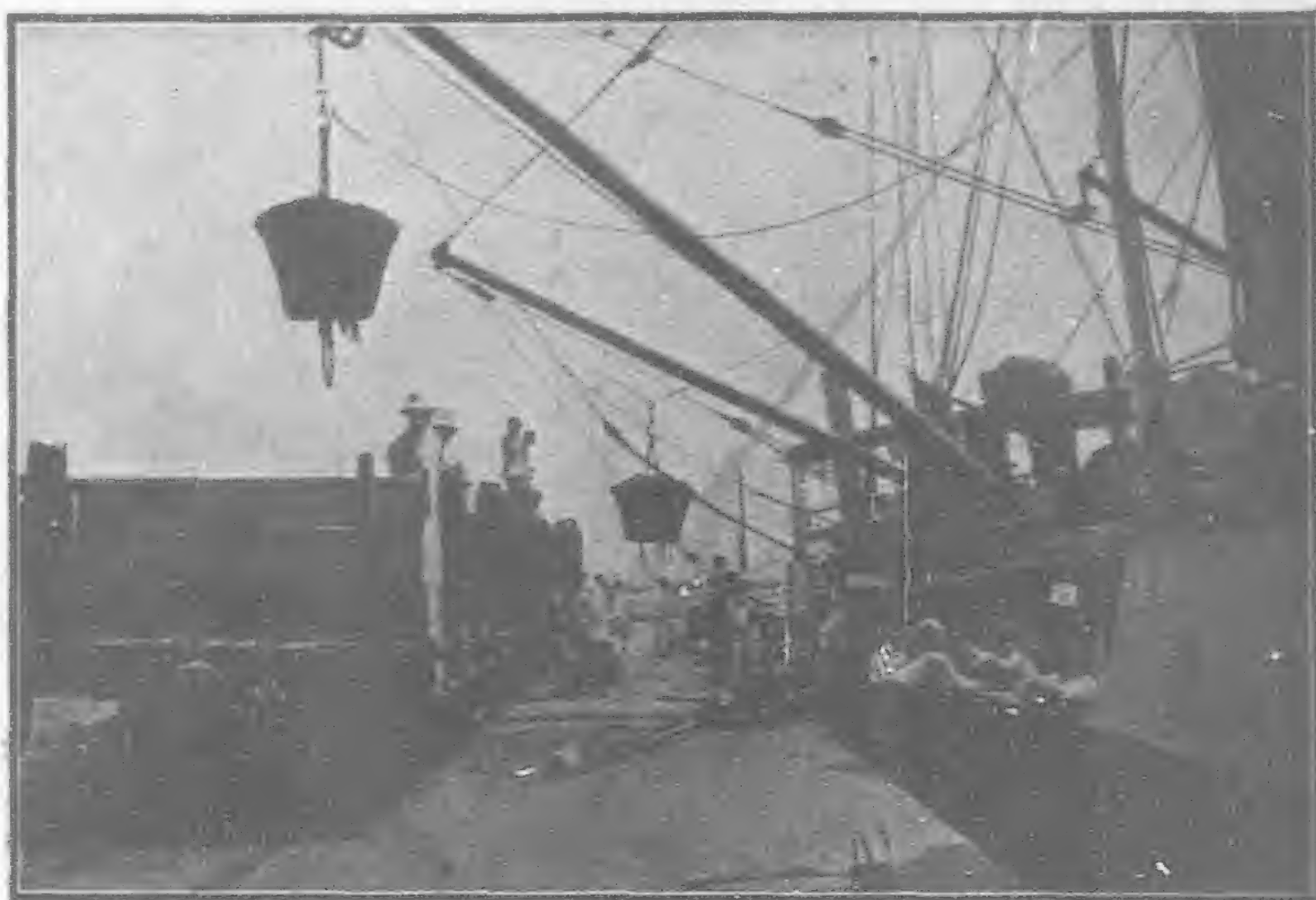


Fig. 3004 Single Stage, Centrifugal Pump, direct connected to an electric motor with the motor and pump mounted on a common bedplate. The tank is mounted on separate brackets as shown so that it may be located where most convenient when the installation is made. This outfit can be furnished with pump for capacities up to 70 gallons per minute and with tanks up to 60 gallons capacity.



WATER FRONT, ILOILO



DISCHARGING COAL FROM STEAMER INTO RAILWAY CARS AT CEBU

THE PHILIPPINE RAILWAY COMPANY REPORT FOR 1915

The following is a report of the operation of the Philippine Railway Company's lines in the Philippine Islands, for the year ended December 31st, 1915, as submitted to the Board of Directors by Mr. R. R. Hancock, vice-president.

Freight revenue shows a slight increase as compared with the previous year; the increase was earned on Panay. Passenger revenue shows a decrease of 0.8 per cent. as compared with the previous year, and is the result of a slight falling off in the number of second class passengers carried. Revenue from Commercial Shop Work was 44% greater than for 1914. The following statement shows amount of Commercial Shop Work performed during the year:

| | Cebu | Panay | Total |
|----------------------------------|-------------|-------------|-------------|
| Cost of Completed Shop Work ... | \$28,046.60 | \$10,813.57 | \$38,860.17 |
| Profit ... | \$ 6,494.35 | \$ 2,525.42 | \$ 9,019.77 |
| Per cent. of Profit for year ... | ... | ... | 23% |

The cost of Maintenance of Way and Structures was \$7,684.00 more than during the previous year. The increase was mainly due to renewal of ties, the heaviest renewals being on Cebu. It is expected that this item of maintenance expense will increase during the

year 1916, as the ties originally installed are rapidly reaching the life limit.

A statement is attached showing in detail the expenditures for track labor and material during the year.

No increase was made in motive power or car equipment during the year. One second class car on Panay was converted into a combination second class and baggage car and two twenty-tonne flats were converted into box cars.

The increase of \$2,663.14 in cost of Maintenance of Equipment as compared with last year was mainly due to replacing the original pine wood work of box cars and third class cars.

Nine locomotives received thorough overhauling during the year.

Twenty-one third class passenger cars received alterations as to seating arrangements, enlargement of windows, and installation of drinking water tanks, and in nine of these cars toilets were installed, in compliance with an order from the Board of Public Utility Commissioners.

Four third class passenger cars and fifteen freight cars were rebuilt as to wood work, or received heavy repairs during the year.

Details of the operation of this department, and a list of the equipment, will be found among the attached statements.

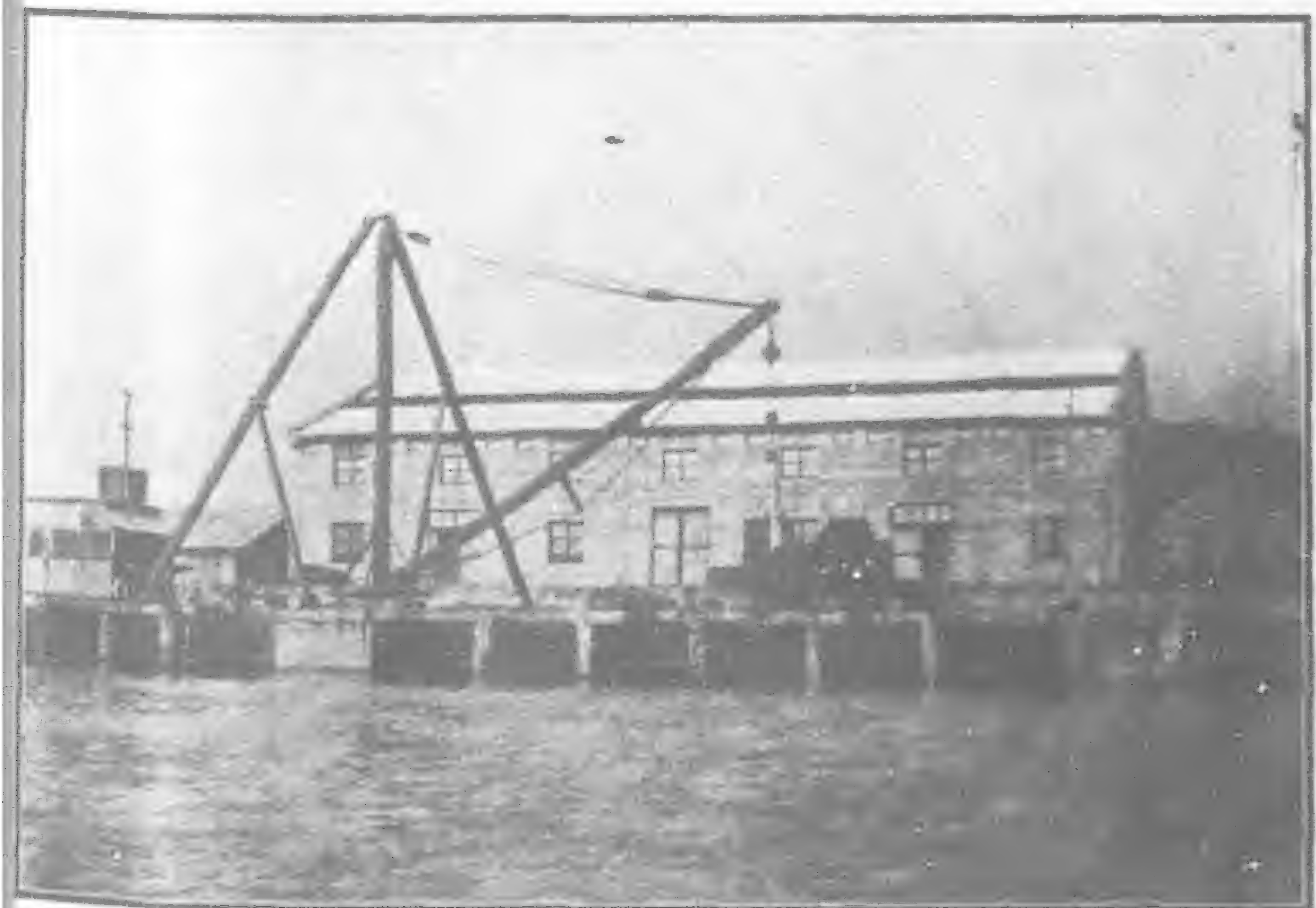
Transportation Expenses

The greater part of increase in transportation expense represents an advance in the cost of fuel, due to the imposition of an Internal Revenue Tax on coal of \$0.50 per metric tonne. This tax was paid under protest, we contending that its assessment is contrary to certain provisions of our concession. We are awaiting the decision of the Supreme Court in the matter.

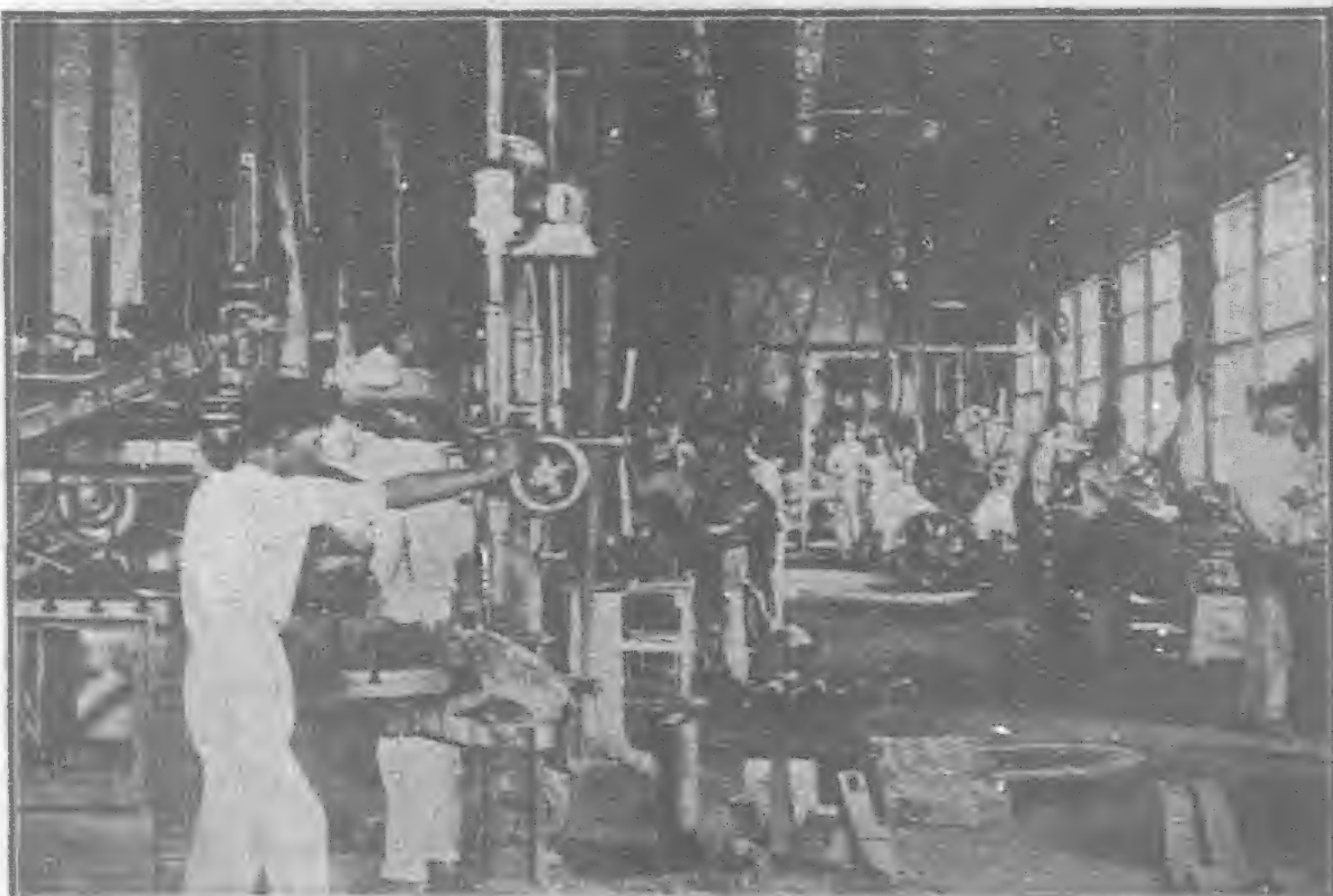
The consumption of coal does not compare favorably with the previous year, due principally to a shipment of Chinese coal received which did not prove very satisfactory. A reduction in price was secured in our 1916 contract which it is expected will make up the loss due to the inferior coal.

As compared with 1914, the cost and consumption of fuel used by locomotives was as follows:

| | 1915 | 1914 |
|---|-------------|-------------|
| Total value of coal on tank ... | \$40,771.91 | \$36,427.13 |
| Total locomotive coal consumption (kgms.) | 7,589,971 | 6,389,021 |
| Coal consumption per locomotive kilometer (kgms.) ... | 15.10 | 13.76 |
| Coal consumption per 100 tonne kilometers (kgms.) ... | 10.15 | 9.80 |



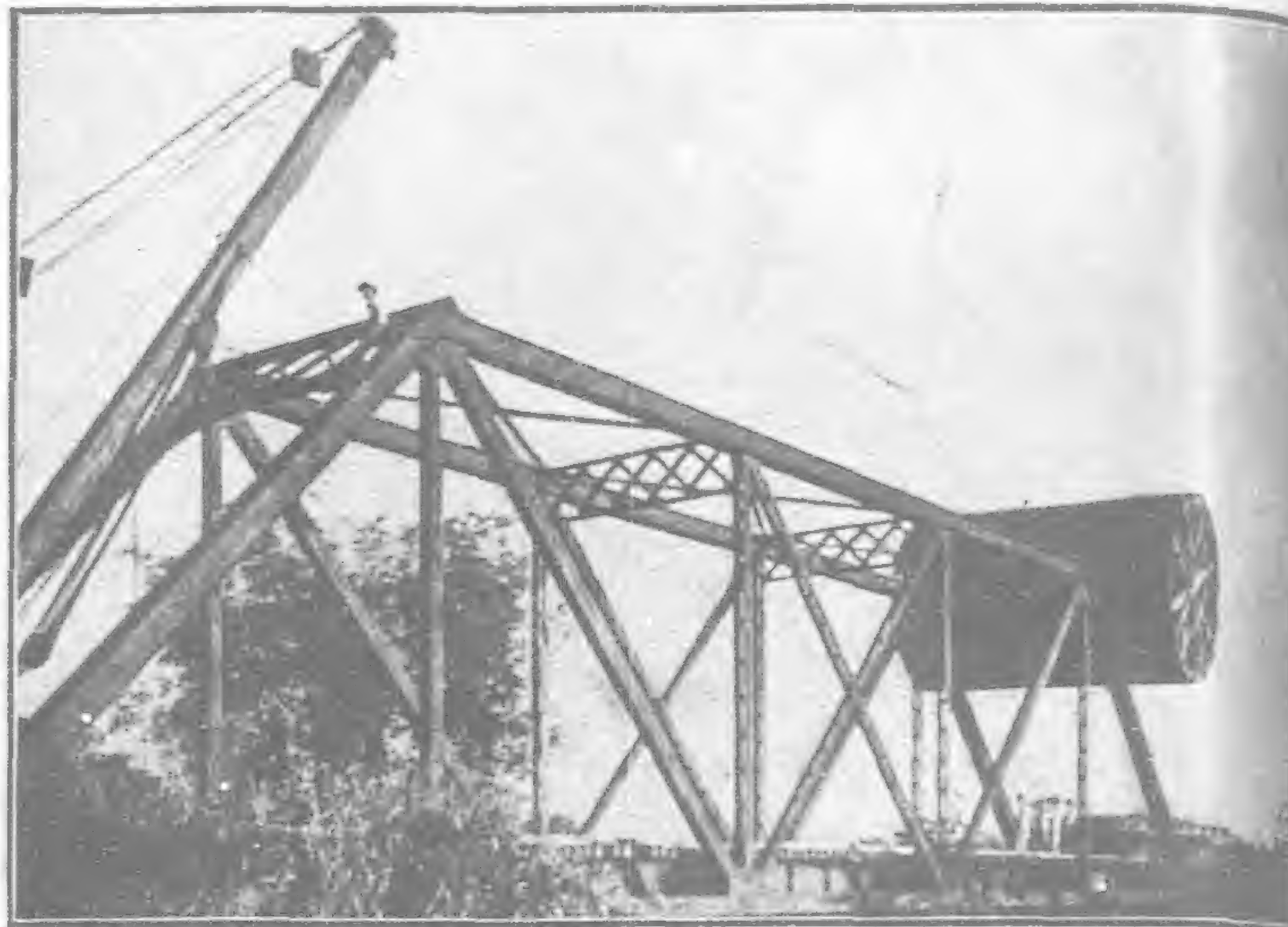
STOREHOUSE, SHOWING 30-TON RAILWAY DOCK DERRICK, AT LAPUS



MACHINE SHOP, PANAY DIVISION



NEW CONCRETE ARCH OVER ABANGAY RIVER, PANAY



PASSING A WATER TANK OVER BRIDGE WHERE CLEARANCE WOULD NOT ALLOW TO GO THROUGH ON CAR

Development of Country

The traffic organization continues, as heretofore, to assist in every way possible in the development of the country through which the lines pass.

Statements of traffic statistics are attached. It will be noted that 1.2 per cent. more passengers were carried than during the previous year, but with a loss in revenue of 1 per cent. This loss is attributable to the greater number of passengers travelling third class, in preference to second class.

There were 16.6 per cent. less tonnes of freight carried than during the previous year, with an increase in revenue of 2.9 per cent.; the falling off in tonnage was in sand and gravel traffic which are low class freights.

On Panay agricultural conditions continue to improve. There has been an increase in the acreage planted in sugar cane, but the results will not be noticeable for another fifteen months or so.

Conditions on Cebu during the year have not improved over 1914, the European war continuing to have a depressing effect on the hemp and copra trade, there having been no market for these products until the last two or three months of the year.

On December 28, 1915, the Government automobile line operating out of Pototan, on the Panay Division, was discontinued, due to the failure of the Philippine Assembly to make appropriation for its continuance. This action created a storm of protest from the planters in the regions served by the automobile line, on account of the service

Balance Sheet, December 31, 1915

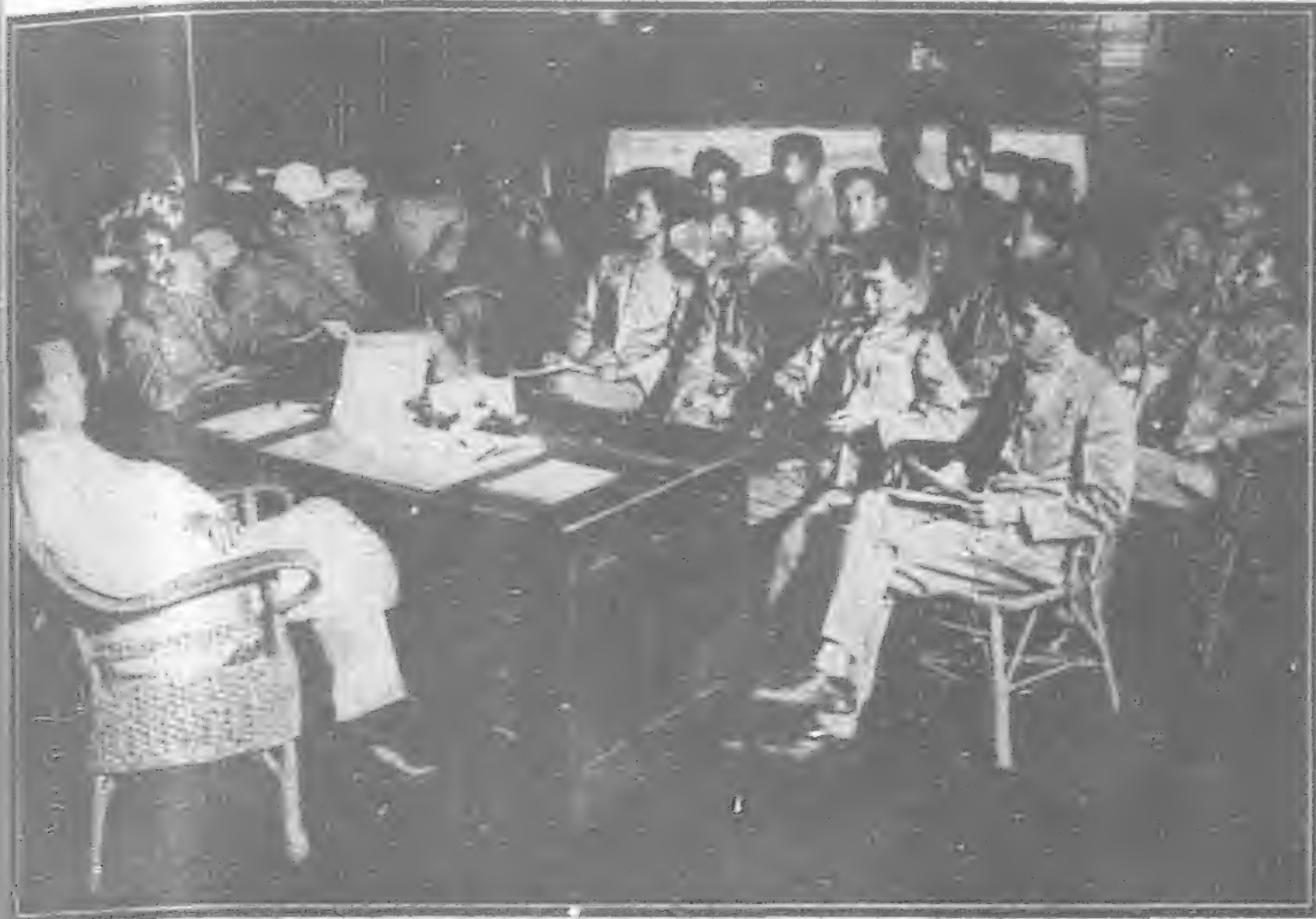
| ASSETS | | LIABILITIES | |
|--|-----------------|--|-----------------|
| PROPERTY INVESTMENT: | | STOCK: | |
| Road | \$6,052,529.94 | Capital Stock— | |
| Equipment | 510,996.52 | Common | \$5,000,000.00 |
| General Expenditures | 2,586,266.98 | FUNDED DEBT: | |
| | \$ 9,149,793.44 | First Mortgage Four per cent. | |
| CONTRACTUAL RIGHTS (Cost) | 4,999,000.00 | Thirty-year Sinking Fund | |
| WORKING ASSETS: | | Gold Bonds, Due 1937— | |
| Cash | \$ 136,609.31 | Interest Payable July 1— | |
| Securities Issued, held in | | January 1 | 8,551,000.00 |
| Treasury | 6,400.00 | WORKING LIABILITIES: | |
| Due from Agents and Conductors | 428.48 | Audited Vouchers and Wages | |
| Miscellaneous Accounts Receivable | 26,552.80 | Unpaid | 20,319.95 |
| Materials and Supplies | 99,150.10 | Other Working Liabilities | 1,161.51 |
| | 269,140.69 | | 21,481.46 |
| DEFERRED DEBIT ITEMS: | | DEFERRED CREDIT ITEMS: | |
| Insurance Paid in Advance | 230.61 | Advances by Philippine Government to meet bond interest | 2,024,939.07 |
| Other Deferred Debit Items | 2,326.59 | APPROPRIATED SURPLUS: | |
| | 2,557.20 | Additions to Property Through Income | 35,875.83 |
| CORPORATE DEFICIT: | | Reserve for Extraordinary Emergencies | 75,000.00 |
| Profit and Loss—Balance | \$1,287,805.03 | | \$110,875.83 |
| Less Total Appropriated Surplus | 110,875.83 | | |
| | 1,176,929.20 | | |
| | \$15,597,420.53 | | \$15,597,420.53 |



SPECIAL TRAIN WITH 1,200 PASSENGERS



CORN DEMONSTRATION, ISLAND OF CEBU



NIGHT SCHOOL FOR AGENTS



TYPE OF MARKET FOR SMALL TOWN

being stopped without any warning whatsoever being given. The Government claims that the automobile line was operated at a loss. Private parties are now negotiating with the Government to lease the equipment of the automobile line, so as to resume the service. As the railway received considerable tobacco and sugar from the automobile line, we are assisting in every way possible to have the service resumed by private parties.

On Cebu the Visayan Refining Company has just completed the erection of a large mill for the extraction of oil from copra (the dried meat of the coconut). The mill is of the most modern type with a capacity of about 120 tons of copra per day, and represents an investment of nearly \$1,000,000. It is expected when the mill starts operations that it will give an impetus to copra traffic.

RIGHT OF WAY

Torrens titles have been obtained for the right of way on Panay through the Province of Capiz and a decree of the Court obtained for Torrens titles through the Province of Iloilo.

On Cebu. Torrens titles have been obtained for the right of way through two Friar Estates, 12.5 kilometers. The cases covering the section of right of way in the City of Cebu and suburbs are now being heard. Application was made two years ago for title to the remainder of the right of way on Cebu, and it seems probable that all titles will be secured during 1916.

The issuing of registered titles throughout the Islands proceeds very slowly, and, while every effort has been made to have our applications acted upon, we were unable to secure the titles during this year.

INCOME ACCOUNT FOR 1915.

RAIL OPERATIONS—REVENUES:

| | |
|---|---------------------|
| Freight Revenue ... | \$116,177.89 |
| Passenger Revenue ... | 219,015.42 |
| Excess Baggage ... | 734.40 |
| Mail Revenue ... | 5,439.24 |
| Express Revenue ... | 5,263.56 |
| Switching Revenue ... | 3,534.25 |
| Total Revenue from Transportation ... | \$350,164.76 |
| Storage—Freight ... | \$ 88.84 |
| Rent of Buildings and Other Property ... | 3,584.15 |
| Miscellaneous ... | 8,569.73 |
| Total Revenue from Operation Other than Transportation ... | 12,242.72 |
| Total Operating Revenue ... | \$362,407.48 |

| REVENUE AND EXPENSES | | | | | | | | | | | | | |
|----------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|------------------------------|--------------|------------------------|----------------------------|
| REVENUE | | | | | | | | | | | | | |
| | | | | | | | | | | 1915 | 1914 | %Increase or Decrease* | |
| Passenger | ... | ... | ... | ... | ... | ... | ... | ... | ... | \$219,015.42 | \$220,711.84 | .77* | |
| Freight | ... | ... | ... | ... | ... | ... | ... | ... | ... | 116,177.89 | 112,899.88 | 2.90 | |
| Excess Baggage | ... | ... | ... | ... | ... | ... | ... | ... | ... | 734.40 | 959.28 | 23.44* | |
| Mail | ... | ... | ... | ... | ... | ... | ... | ... | ... | 5,439.24 | 5,439.24 | — | |
| Express | ... | ... | ... | ... | ... | ... | ... | ... | ... | 5,263.56 | 5,578.94 | 5.65* | |
| Switching | ... | ... | ... | ... | ... | ... | ... | ... | ... | 3,534.25 | 4,848.87 | 27.11* | |
| Non-Transportation | ... | ... | ... | ... | ... | ... | ... | ... | ... | 12,242.72 | 10,780.95 | 13.56 | |
| Total Revenue | | | | | | | | | | \$362,407.48 | \$361,219.00 | .33 | |
| EXPENSES | | | | | | | | | | | | | |
| Maintenance of Way and Structure | ... | ... | ... | ... | ... | ... | ... | ... | ... | \$ 58,834.65 | \$ 51,150.57 | 15.02 | |
| Maintenance of Equipment | ... | ... | ... | ... | ... | ... | ... | ... | ... | 48,603.27 | 45,940.13 | 5.79 | |
| Traffic | ... | ... | ... | ... | ... | ... | ... | ... | ... | 4,271.89 | 8,301.84 | 48.54* | |
| Transportation | ... | ... | ... | ... | ... | ... | ... | ... | ... | 100,102.68 | 97,950.52 | 2.20 | |
| General | ... | ... | ... | ... | ... | ... | ... | ... | ... | 31,223.00 | 29,451.93 | 6.01 | |
| Total Expenses | | | | | | | | | | \$243,035.49 | \$232,794.99 | 4.40 | |
| Net Operating Revenue | ... | ... | ... | ... | ... | ... | ... | ... | ... | \$119,371.99 | \$128,424.01 | 7.05* | |
| Operating Ratio | ... | ... | ... | ... | ... | ... | ... | ... | ... | 67.06% | 64.44% | | |
| Kms. Operated | ... | ... | ... | ... | ... | ... | ... | ... | † | 212 | 212 | | |
| * Decrease. | | | | | | | | | | † Panay Division—116.40 Kms. | | | Cebu Division — 96.60 Kms. |

TRAFFIC STATISTICS

| PASSENGER | | | | | | | | 1915 | 1914 | %Increase or Decrease* |
|---------------------------------------|-----|-----|-----|-----|-----|-----|-----|------------|------------|---------------------------|
| Total Number Carried | ... | ... | ... | ... | ... | ... | ... | 1,203,325 | 1,188,461 | 1.25 |
| First Class | ... | ... | ... | ... | ... | ... | ... | 2,330 | 3,167 | 26.14* |
| Second Class | ... | ... | ... | ... | ... | ... | ... | 167,936 | 186,717 | 10.05* |
| Third Class | ... | ... | ... | ... | ... | ... | ... | 1,033,050 | 998,577 | 3.45 |
| Number Carried One Kilometer | ... | ... | ... | ... | ... | ... | ... | 27,600,941 | 27,185,933 | 1.52 |
| Average Distance Carried per Km. | ... | ... | ... | ... | ... | ... | ... | 22.9 | 22.9 | — |
| Average Receipt per Passenger | ... | ... | ... | ... | ... | ... | ... | \$1.820 | \$1.857 | 1.99* |
| Average Receipt per Passenger per Km. | ... | ... | ... | ... | ... | ... | ... | \$0.0080 | \$0.0081 | 1.23* |
| FREIGHT | | | | | | | | | | |
| Total Number Tonnes Carried | ... | ... | ... | ... | ... | ... | ... | 82,328 | 98,708 | 16.59* |
| Number Tonnes Carried One Km. | ... | ... | ... | ... | ... | ... | ... | 3,499,663 | 3,535,821 | 1.02* |
| Average Distance Carried per Km. | ... | ... | ... | ... | ... | ... | ... | 42.5 | 35.8 | 18.71 |
| Average Receipt per Tonne | ... | ... | ... | ... | ... | ... | ... | \$1.4111 | \$1.1438 | 23.37 |
| Average Receipt per Tonne per Km. | ... | ... | ... | ... | ... | ... | ... | \$0.0332 | \$0.0319 | 4.07 |
| * Decrease. | | | | | | | | | | |

RAIL OPERATIONS—EXPENSES:

| | |
|---------------------------------------|-------------|
| Maintenance of Way and Structures ... | \$58,834.65 |
| Maintenance of Equipment ... | 48,603.27 |
| Traffic Expenses ... | 4,271.89 |
| Transportation Expenses ... | 100,102.68 |
| General Expenses ... | 31,223.00 |

| | |
|--|---------------------|
| Total Operating Expenses | 243,035.49 |
| Net Revenue—Rail Operations ... | \$119,371.99 |

AUXILIARY OPERATIONS—REVENUES:

| | |
|---------------------------------------|-------------|
| Commercial Shop Work | \$47,879.95 |
| AUXILIARY OPERATIONS—EXPENSES: | |
| Commercial Shop Work | 38,860.18 |

| | |
|---|-----------------|
| Net Revenue—Auxiliary Operations ... | 9,019.77 |
|---|-----------------|

| | |
|-------------------------------|---------------------|
| Net Operating Revenue. | \$128,391.76 |
| TAXES: ... | 2,995.08 |

| | |
|-----------------------------|---------------------|
| Operating Income ... | \$125,396.68 |
|-----------------------------|---------------------|

OTHER INCOME:

| | |
|--|-------------|
| Income from unfunded Securities and Accounts ... | \$ 2,698.53 |
| Miscellaneous Income ... | 557.40 |

| | |
|-------------------------------|-----------------|
| Total Other Income ... | 3,255.93 |
|-------------------------------|-----------------|

| | |
|-------------------------|---------------------|
| Gross Income ... | \$128,652.61 |
|-------------------------|---------------------|

DEDUCTIONS FROM GROSS INCOME:

| | |
|-------------------------|--------------|
| Interest on Funded Debt | \$342,040.00 |
| Miscellaneous ... | 1,265.06 |

| | |
|-----------------------------|-------------------|
| Total Deductions ... | 343,305.06 |
|-----------------------------|-------------------|

| | |
|---------------------|---------------------|
| Net Loss ... | \$214,652.45 |
|---------------------|---------------------|

APPROPRIATION FOR ADDITIONS AND BETTERMENTS:

| | |
|--|---------------------|
| Expended during the year | 468.28 |
| Income Balance Transferred to Debit of Profit and Loss... | \$215,120.73 |

ENGINEERING, FINANCIAL AND INDUSTRIAL NEWS

RAILWAYS

Japan's New Manchurian Line.—It is announced in the Chichangjihpao of Kirin that the Chinese Eastern Railway has been sold by Russia to Japan from Changchun to Laoshakou for six million yen. Japanese advisers deny that the price has been fixed and state that only the principle of calculating the price of 71 miles of the railway between Changchun and Second Sungari has been decided upon. From non-official sources it was learned that the principle of calculation adopted by the two Governments is first, to estimate the cost of construction; second, to deduct from the cost for wear and tear of the railway rolling stock and other property by taking the earnings of the company during those years of the Russian management as the basis; and third to add a sum by estimating what the railway would be likely to earn in a given number of years, taking the past annual earnings as a basis. It was said that on this basis the price of the railway to be sold to Japan would foot up to a little over 10,000,000 yen, the cost of construction having been roughly estimated at between 6,000,000 and 7,000,000 yen.

Laoshakou is the station on the south bank of the Sungari at the end of the fine steel bridge across the river. It is 58 English miles from Changchun. The South Manchurian Railway Company has thus acquired a very valuable extension, as it will now connect with the Sungari river, which is navigable for steamer as far up as Kirin. The work of changing the gauge to conform with the Japanese lines is to proceed at once.

Foreign observers wonder how this transfer will affect the negotiations regarding the Kirin-Changchun line that are now in progress in Peking. It is thought locally that probably further pressure will be brought to bear on the Chinese Government to secure this valuable line for the South Manchuria Railway Company, and that Japanese steamers will be put on to ply between Laoshakou and Kirin. If this is done, the extension of the line to connect with the North Korean railway at Chientao will soon be begun. This line has already been surveyed, and although the engineering difficulties are great, the country being very mountainous, it could be built in the course of two or three years. It would give access to vast forests and a rich mineral country lying to the east of Kirin.

Pukow Port Questions.—The effect on Nanking trade of the opening of Pukow is discussed by Mr. E. C. C. Wilton, the British Consul at Nanking, in a recent report. Pukow, on the north bank of the Yangtze opposite Nanking, was included in the harbour limits of the latter city on July 1. This measure must eventually have far-reaching effects on the trade of Nanking, and is already beginning to make itself felt. Results, however, are by no means commensurate with anticipations, owing to the action of the railway transport companies. The controlling interest in these companies is held by the railway directors and other influential men, and they practically monopolize the carriage of goods on the railways, and make every effort to discourage merchants from direct dealings with the steamer companies. They obtain from the railway a rebate of about 30 per cent. on the published railway tariff, and thus are enabled to offer small rebates to exporters, while at the same time themselves making large profits.

In order to compete with the river steamers, the goods tariff on the Shanghai-Nanking railway is very low—considerably lower than that of the shipping companies. It is not worth the while of the latter to reduce their rates, as they fill their steamers at the Ports higher up the river. While Pukow remained unopened, it was cheaper for goods arriving by rail from the north to proceed to Shanghai over the Shanghai-Nanking railway, but since it has been possible to load steamers at Pukow, the decreased cost of handling and transshipping should more than counterbalance the lower railway rates. The transport companies, however, who foresaw the loss of their rebate from the Shanghai-Nanking railway, refused to forward goods by steamer unless the shipping companies offered an equal rebate. This proposal not being entertained, the transport companies continued to forward goods only by the Shanghai-Nanking railway which, though working to its full capacity, was quite unable to cope with the immense quantity of cereals and other produce coming down from northern Anhui and Kiangsu. The result was that not only the godowns and wharves at Pukow, but also the stations for miles up the line were choked with merchandise of which there was no means of disposing. It is claimed by the transport companies that steamers are now beginning to call more regularly at Pukow.

Russia's New Siberian Port.—The Russian Government have just opened a new Pacific terminus for the Trans-Siberian Railway. This is the port of Nikolaievsk, at the mouth of the Amur River, near the head of the Gulf of Tartary, about 850 miles north of Vladivostok. Goods received here will be transported inland up the Amur River to Stretyinsk, which is reached by a railroad that connects with the Trans-Siberian line. The new port will be able to handle 72,000,000 pounds of freight and it will thus help considerably to relieve the pressure of Vladivostok.

The Trans-Siberian Railway is one of the great engineering achievements of the world, and a monument to the vision, perseverance, and skill of the Russian engineer. The double-tracking of this 6,677 mile-long railway was begun some years ago. When the war started, thousands of additional men were set to work to hasten this vast undertaking, and the second track has just been finished, in time to facilitate the shipments of the enormous stores of artillery, projectiles, explosives, machinery, and goods of all kinds from the United States and Japan and England that have piled up on the crowded wharves and shores at Vladivostok during the past winter. This port has been overwhelmed by the demands upon its comparatively limited resources. Its contracted harbor has been unable to accommodate the sudden access of shipping, and insufficient docks and the lack of unloading machinery and of warehouses have caused great delays. Thirty-one million (31,000,000) tons of freight arrived at Vladivostok in the first four months of 1915, compared with 2,195,000 tons in the corresponding period of 1914. Thousands of workmen have been struggling night and day to enlarge the docks and port facilities, and the wharves are being trebled in length to accommodate at least forty great freighters at one time. Some of this congestion will be relieved by the routing of shipments to Nikolaievsk which has become chief port of supply for the mining district of Chita and other

prosperous Siberian communities previously served via Vladivostok.

Chosen Railways Promotion Bureau.—The Seoul Press reports that a detached office of the Railway Bureau of the Chosen Government General has been established in Osaka. The office will principally deal with business relating to the transportation of goods by the Chosen railways from merchants in Osaka and Kobe and also supply information to the general public concerning conditions in Chosen, more especially with regard to the railways. To make Chosen better known it is intended to give popular lectures on Chosen and illustrate these lectures by means of cinematograph films.

Manila Railroad Subsidy.—With a view to promoting the connection of the principal towns on the eastern coast of Luzon by steamer, Secretary of Commerce and Police Reed has authorized a subsidy of P1,000 a month to the Manila Railroad company for the water service it now renders on the eastern coast of Tayabas in connection with its new railway line to Hondagua. The Hondagua railway line was inaugurated last May by the company, and following it steamer service connecting Hondagua with such principal coast towns as Mauban, Infanta, Baler of Tayabas, Paracale, Daet, Naga and Mambulao in Camarines, and the islands of Alabat, Sangirin and Polillo was established. By this improvement, the rich country on the eastern coast of Tayabas was opened to traffic, and the distance from Manila to the Bicol provinces made shorter.

The railroad company has been operating on the eastern coast the coastguard cutter Samar, which it bought from the government. To improve this service, it has purchased another steamer, the Amelia.

Less Railway Materials Purchased.—Owing to the difficulty in obtaining funds for financing railway developments, there has been a big drop in the importation of railway materials at Hankow. Cars and wagons declined in value by Hk. Tls. 874,000, locomotives by 380,000 taels, and railway sleepers by 937,000 taels. Unclassed materials, however, increased by 275,000 taels in value, leaving a net decrease in railway material of over 1,900,000 taels.

Japanese Railway Receipts.—The receipts of the Japanese Government Railways for the month of June amounted to Y9,408,551, comprising Y4,166,281 in passenger receipts and Y5,242,270 in goods receipts.

Mie Railway Sanctioned.—The Japanese Railway Board has given sanction to the Mie Railway Company, promoted by Mr. Monichi Kuki and other businessmen at Yokkaichi, for the construction of a steam railway, approximately 4 miles in length, between Yokkaichi and Shigomura, Mie prefecture. The new company is capitalised at 200,000 yen.

Chung Mun-Yew Reappointed.—The offices of the Shanghai-Nanking and the Shanghai-Hangchow Railways have received a telegram from the Chiaotungpu announcing

that Director Chung Mun-Yew has again been ordered to take charge of these two railways. Director Sun To-yu was appointed some time ago owing to Mr. Chung's ill health.

Shanghai Tramways.—The following is the traffic return of the Shanghai Tramways for the month of July, 1916, and for seven months, ended July 31, 1916, with figures for the corresponding periods last year:—

| | July 1916. | July 1915. |
|---|-------------------------------------|--------------|
| Gross receipts..... | \$129,419.74 | \$112,658.53 |
| Loss by currency de- preciation..... | 34,282.91 | 30,489.89 |
| Effective receipts | 95,136.83 | 82,168.64 |
| Percentage of loss by currency deprecia- tion | 28.06 | 28.71 |
| Car miles run..... | 826,126 | 289,050 |
| Passengers carried ... | 5,820,066 | 5,041,486 |
| 7 months ended July 31, 1916. | 7 months ended July 31, 1915. | |
| Gross receipts..... | \$855,243.91 | \$745,986.74 |
| Loss by currency de- preciation..... | 225,302.20 | 199,487.56 |
| Effective receipts | 629,941.71 | 546,499.18 |
| Percentage of loss by currency deprecia- tion | 27.99 | 28.50 |
| Car miles run..... | 2,112,727 | 1,905,519 |
| Passengers carried ... | 37,951,546 | 38,713,966 |

SHIPPING

Straits S. S. Co.'s New Vessel.—Another fine mail and passenger vessel has been added to the fleet of the Straits Steamship Co., Ltd., by the arrival in Singapore July 14, 1915 of the steamer Kajang. Built at the Taikoo yards, Hongkong, she embodies every up-to-date feature of modern ship-construction. All the new vessels added to the line recently have proved very handy cargo-carriers and the Kajang will be able to carry 2,500 tons at a draft of 15 feet. This should assure to the owners large profits, especially since the Bangkok rice trade calls for vessels of light draught because of the Menam bar. The Kajang can cross the bar with 2,000 tons.

E. & A. Empire Sold.—The Eastern & Australian steamship Empire, 4,496 tons, has been purchased by Messrs. Lowden Bros., of London, who also bought the Aldenham from the same company. She will be delivered at Marseilles whence she has gone from Taku with a full load of Chinese coolies for France. She was built in 1902 by Messrs. Beardmore & Co., Glasgow, with dimensions 386ft. by 46.7ft. by 27.7ft. and was employed on the run between Australia and China.

R. V. F. Trans-Pacific Service.—A steamer service between Vladivostok and American Pacific ports by the Russian Volunteer Fleet, which was once suspended, it has been decided, will be resumed shortly. The s.s. Angara, ex-Anegawa Maru, which was restored to Russian possession by the Japanese Government, will be the first steamer.

Coolies Shipped to France.—The Shigisan Maru is at Tientsin under charter to carry 1,300 coolies to the same destination. Some of the coolies will be employed for agricultural purposes, and others on road work. The Harima Maru will be the third vessel to carry Chinese coolies to France.

Denies Offer of Austrian Ships.—Denial has been made by the Agent of the Austrian Lloyd that three steamers at Shanghai have been offered for sale to the China Mail Steamship Company by the Austrian Lloyd. The steamers that have been tied up here since the war by the Austrian shipping concern are the Bohemia, Silesia and the China. They were said to have been offered to the China Mail line for (G) \$1,500,000—which is at the rate of (G) \$500,000 each. The China Mail is now operating the one steamer, China, and has been scouring the world for more tonnage as all the freight and passengers that their one liner could handle have been obtained at war-boom rates. It is announced that if the sale of the interned Austrian ships is made, they will not be used until after the war is over. The three steamers are part of the Austrian naval reserve and the consent of the government would have to be obtained before the sale could be made.

Japanese Canal Postponed.—Mr. Okada, one of the promoters of the proposed Keihin (Tokyo-Yokohama) canal, has applied to the Government for permission to postpone the work for another year. Mr. Okada received a permit which provided that the work commence on August 7, 1916. As the reason for postponement, Mr. Okada submitted to the Government that machinery and other materials for dredging have been raised in price on account of the war.

Another canal in prospect is that at Kawasaki near Yokohama as a measure inviting the establishment of factories. According to the plan, the capital for the construction of the canal is 1,000,000 yen and the ground purchased is 350,000 *tsubo*. The length of the canal will be 7,200 feet and its width 120 feet. Both sides of the canal for the length of 780 feet will be reclaimed for the establishment of factories.

Minnesota not Japanese.—That the big American liner Minnesota, which formerly ran on the Great Northern line between Seattle and the Orient, has been purchased by the Toyo Kisen Kaisha, was reported in a cablegram from the United States to Japanese papers. This report, however, is denied by Mr. Ryoza Asano, one of the directors of the company. Mr. Asano admitted that negotiations were started some time ago, but were dropped and have not been resumed. The Korea, which was handed over to the T.K.K. on July 12, may have been the basis for the report about the Minnesota.

China Coast Ports Shipping.—Tientsin: The total number of vessels which entered and cleared the port of Tientsin in 1915 was 1,962 with aggregate gross tonnage of 2,233,403, showing a decrease of 333 vessels of 665,720 tons over 1914, in which year the total was 2,295 vessels of 1,899,123 tons.

Antung: During the year 1915 there was an increase of 204 vessels of 45,408 tons compared with 1914 on the total shipping which entered and cleared that port. The totals for the two years were 586 steamers of 313,018 tons in 1915 and 382 steamers of 267,610 tons in 1914.

Chinwangtao: During the same period the number of vessels that entered and cleared that port was 890 of 1,341,327 tons and in 1914 the total was 1,108 vessels of 1,647,648 tons, showing a decrease of 218 ships of 306,421 tons from 1914.

Chefoo: The shipping returns for Chefoo for 1915 give a total of 3,384 vessels with aggregate tonnage of 2,870,160 in both entries and clearances combined, being a decrease of 314 ships of 507,915 tons from 1914, in which year the total was 3,698 vessels of 3,378,075 tons.

Newchwang: The total number of the incoming and outgoing vessels for New-

chwang for the same year was 973 of 1,168,729 tons, showing a decrease of 136 ships of 147,702 tons from 1914.

Forecasts Post-Bellum Conditions.—There is no sort of doubt that as soon as this war is over, says the New York Journal of Commerce, there will be a strenuous effort on the part of the British and German shipowners to revive and extend their activity to the utmost. It will not be surprising if there is a pretty close association and co-operation on the part of both nationalities in their rivalry. The British companies will be more likely than heretofore to work together in a common interest in the distribution of trade and in economy and efficiency in methods. Something similar is likely to take place in Germany and both may have their Governments behind them. There are many British vessels to be relieved from service as naval auxiliaries, and many German vessels to be released from internment. At the same time with this renewal of the supply and revival of activity of merchant vessels in the ocean trade, it is likely to be found that for a time at least there will be a falling off in the use for them. There will probably be a complete cessation of the transportation of munitions and war supplies on merchant vessels, and there is sure to be a reduction in various classes of imports and exports as compared with the ante-war period. While there has been considerable loss of shipping during the war, there has also been a good deal of activity in replacing it. Those who are figuring upon a great expansion of American merchant marine and the trade in which it is employed after the war is over, will do well to keep in mind what there is going to be to contend with. Success will call for intelligent and persistent enterprise coupled with freedom from oppressive legislation, and the American shipowner will need the fair chance more than ever.

FINANCE

China's New Budget.—It is understood that a rough estimate of the different items of expenditure for next year's Budget is being made by the Ministry of Finance. The funds to be allotted to the different branches of administration show no marked change from the Budget for the current year except that the amount set aside for education and industry will be increased. The allotment of funds to the various branches of administration for next year is in the following ratio:—1 per cent for diplomatic affairs, 10 per cent for Internal Administration, 45 per cent for financial administration, including the repayment of foreign loans and indemnity funds falling due next year, the payment of Tsing Imperial House Pension and the redemption of notes, etc., 30 per cent for military expenditure, 2 per cent for judicial administration, 5 per cent for education, 4 per cent for the encouragement of industry and commerce and 1 per cent for the improvement of means of communication.

Finance Minister Retrenching.—Mr. Chen Kin-tao, Minister of Finance, has drawn up a plan in which he requests every department of the Government to cut its administrative expense as much as possible. He is said to have adopted this plan of retrenchment because his loan proposals to Japan, the Quintuple Syndicate and the United States have all proved a failure.

Japan has declined to accept his proposal, saying she will not lend any money to China until a perfect agreement has been concluded between the North and the South. The International Bankers' Syndicate has also refused the Chinese Minister's proposal, while for the time being the United States has declined to lend any money to the Chinese.—*Asahi*.

Chinese Securities Firmer.—Chinese securities have been rather more active than usual recently, remarks the London *Economist*, and prices have risen. One of its contributors suggests that "the death of Yuan Shi Kai, the President, may make an incalculable difference to the future of China, for under his despotic rule the country was thrown into a state of chaos. Whatever the future may bring forth, Chinese bonds have quite brightened up, for they had sunk to low levels under Yuan's rule. China has always met her foreign obligations, which is a strong point in her favour. A new and stable rule will probably work wonders with the country." This is optimistic, indeed, says the *Economist*, but let us hope the forecast may prove correct. In the past China has found London a sympathetic centre for financing her development; the "Crisp" loan was issued in London in 1912, while a Reorganisation loan made its appearance in 1913. The Chinese Government has a number of railway loans. Since the war began the London market has been closed to China by the Treasury control of capital issues.

for shares at which time the bank would call a general meeting of the Shareholders' Association. The shareholders did not wait, but formed the association among themselves to safeguard their interests.

Now the shareholders have aimed at increasing the holdings of the merchants so that they shall finally acquire a controlling interest. At a meeting of the association it was decided to place on the market sufficient shares to bring the merchant holdings to \$5,000,000. This would require a subscription of \$2,680,000. When these shares are subscribed there will be another \$5,000,000 in shares offered for sale. The conditions submitted to the National Assembly were:

From now on the bank will be maintained for the shareholders, and government officials will not be allowed to prohibit the payment of notes, or interfere with the legitimate process of banking. The government will be treated as are the other shareholders and the officers of the bank will conduct the institution along

New Russian Exchequer Bills.—It has been privately decided that the second issue of the Russian Exchequer Bills to be appropriated for the settlement of the outstanding accounts for the sale of Japanese munitions to Russia shall be underwritten by the Japanese bankers to the amount of Y40,000,000. The new Bills bear 7% interest per annum and are redeemable in the course of one year and are to be included in the list of the approved securities of the Bank of Japan.

The payments for Japanese munitions supplied to Russia remaining unsettled on July 20, were Y80,000,000. An agreement has been concluded between the Russian and Japanese Governments with regard to the manner of payment. This will go a good way to facilitate the conclusion of further contracts between Russian and Japanese Governments and private manufacturers for the supply of munitions. As the bulk of the payments for munitions supplied to Russia goes to the Japanese Government, it may surprise students of finance to learn that it has been privately decided that an Internal Bond issue of Y2,000,000 is to be floated in Japan towards the end of September.

When the first sales of arms were made to Russia, some angry mutterings were heard from those who failed to share in this business. They and the newspapers who voiced their claims were promptly gagged.

Financing the War.—The Russian Government has issued an emergency ukase under date of June 1 (Russian calendar) announcing the issue of new short term treasury debentures amounting to 3,000,000,000 roubles in connection with the war expenditure, says an official report from the Japanese Ambassador at Petrograd. It is provisionally stated that the total amount of treasury debentures so far issued does not exceed 9,000,000,000 roubles, and that as regards the face value, issue price, rate of interest, terms of repayment, etc., and the rate of the conversion to foreign currency, the regulations of the Imperial Ukase of November 30, 1915, and of March 18, 1916, shall apply to the new issue.

Japan Buys British Bonds.—The Kokumin announces that it has been definitely decided to use the 100,000,000 yen retained by Japan in the United States as part of her specie reserve in the purchase of £10,000,000 of British exchequer bonds. The term is one year and the rate six per cent. Payment will be made in London, the rate of exchange for the pound sterling being four dollars 76½ cents. The rate has hitherto been five per cent, the discount rate of the Bank of England; the change is explained by the recent corresponding increase in the bank rate. The exchange seems advantageous to Japan, but the Kokumin points out that it brings no profit, as repayment is to be made at the same rate.

Japan's Postal Bank Deposits.—The deposits in the postal savings banks of Japan showed a decrease in 1912, but since then they increased each year. The increase since the beginning of the European war has been most conspicuous. The figures on July 21 were: Number of depositors, 142,464,350; amount of deposits, 61,908,470 yen. According to an investigation made by the Bureau of Postal Exchange and Savings, during last June there was an increase of 110,921 in the number of depositors and 8,041,494 yen in the amount of deposits over the previous month. These figures include 292,826 yen which is to be paid out as interest on deposits. Even deducting this, the net increase in deposits will reach 7,148,668 yen. The figures for postal savings transfers showed an increase of 628 in the number of depositors, but a decrease of 412,102 yen in deposits. There was an increase of 879,340 yen in the amount handled. The authorities state that, in consequence of the increase in specie, and the

| Stock. | Issue Price. | Price July 27, 1914. | Price End of May, 1916. | Latest Price | Rise Since End of May, 1916 | Fall Since July 27, 1914. | Present Yield. |
|--------------------------------|--------------|----------------------|-------------------------|--------------|-----------------------------|---------------------------|----------------|
| CHINESE. | | | | | | | |
| 5 % 1896, red, 1933 | 98¾ | 101 | 90¾ | 94½ | 3¾ | 6¾ | 5 10 0 |
| 4½ % Gold Bonds, 1898 | 90 | 92 | 76¾ | 82½ | 5½ | 9½ | 5 10 9 |
| 5 % Imp. Railway Loan | 97 | 100 | 79½ | 85¼ | 5½ | 14¼ | 5 17 3 |
| 5 % Gold, 1908* | 98 | 84 | 69½ | 73 | 3½ | 11 | 6 3 3 |
| 5 % Gold Loan, 1912 | 95 | 86 | 72½ | 78¾ | 6¼ | 7¼ | 6 7 0 |
| 5 % Reorg. Loan, 1913 | 90 | 88 | 73¼ | 79½ | 6¼ | 8½ | 6 5 9 |
| 5 % Shanghai-Nanking L. | 97½ | 86 | 72¾ | 76½ | 3¾ | 9½ | 6 10 9 |
| 5 % Canton Kowloon Rl | 100 | 85 | 71 | 74½ | 3½ | 10½ | 6 14 3 |
| 5 % Tientsin-Pukow Rl | 98¾ | 88 | 69¾ | 75 | 5¼ | 13 | 6 13 3 |
| 5 % Do Supp Loan | 100½ | 84 | 67½ | 73¾ | 6¼ | 10¼ | 6 15 3 |
| 5 % Shang-Hang Rly | 99 | 84 | 73¼ | 70 | 2¾ | 13½ | 7 1 3 |
| 5 % Hukuang Rlys | 100½ | 92 | 75 | 76¼ | 1¼ | 15¼ | 6 11 3 |
| 5 % Honan Rl (Red, 1935) | 87½ | ... | 73¾ | 78 | 4½ | ... | 7 4 |

* Interest 4½ per cent. after 1923.

† Yield on a 4½ per cent. basis.

The table shows that prices of Chinese loans have jumped about in a rather erratic manner. But the recent rise is significant. Both the "Crisp" and Reorganisation loans show good rises, and yield over 6 per cent., while the railway bonds give a higher return. Yields range between 5½ and over 7 per cent., which does not put Chinese credit in a bad light when one considers that the credit of Great Britain is, at the present time, practically on a 5 to 5¼ per cent. basis.

Stockholders Seek Control of Bank.—At a recent meeting of the Merchant Shareholders' Association of the Bank of China the organization determined on plans that are meant to take the bank from under the domination of government officials and politicians. They seek to have it conducted according to the dictates of good banking and the wishes of the shareholders. Resolutions have been drawn up asking that the by-laws be changed to make this possible for submission to the National Assembly. The association asks that the assembly change the by-laws of the bank—and holds back a club for use if the request is refused. The Merchant Shareholders' Association was formed when the recent declaration of the moratorium forced a crisis in the bank's affairs. Mr. Chang Chien, formerly Minister of Agriculture, is chairman.

Mr. Chang Kia-ngau, Sub-manager of the bank, has stated the position of the bank and steps that had been taken by shareholders to gain more power in its operation. The bank's authorized capital is \$60,000,000. It was arranged that at first \$10,000,000 be subscribed by the Ministry of Finance and \$10,000,000 by merchants. The Ministry of Finance subscribed its share in 1913. The merchants were to subscribe \$5,000,000 last year and a like amount this year. But last year the troubles of the monarchical movement came down on China and in the bad market that resulted only \$2,320,000 was paid for shares. According to the by-laws of the corporation the merchants were to subscribe \$10,000,000

the lines of business and not of politics. The appointment of a bank president must be sanctioned by the shareholders before that official can take his seat; or the appointment must be made from a number of candidates submitted by the shareholders. The assembly is asked to increase the amount of merchant shares so that it will be possible for them to gain a controlling interest in the bank's affairs. It is suggested that the proportion of the stock issue should be something like \$40,000,000 to be subscribed for by merchants, and \$20,000,000 by the Minister of Finance. The Shareholders' Association says that if these conditions are not granted, the money received from the sale of shares (that is, for the \$2,680,000 subscription to be placed on the market) will be held by the association and deposited by it in the bank. The association will guarantee to the buyers of shares that they shall have their 7 per cent dividends from these shares.

Oriental Colonization Co.—It is stated that Dr. Yagyu (ex-President of the Bank of Formosa) is to be appointed new President of the Oriental Colonization Co. on the occasion of making new investments in Antung and Chientao to the amount of Y10,000,000.

S.M.R. Co.'s Call for Capital.—The South Manchuria Railway, as stated in the July issue of the Far Eastern Review, has issued a circular to its shareholders calling upon them to pay a sum of Y10 per share on October 1st. This will bring in to the company a sum of Y4,000,000. This money will be used to develop the iron and steel industry based upon the Asanshan mine. The Company, being in want of Y4,000,000 more for the capital expenditures for the present fiscal year, expects to issue another call to the shareholders in March next. What this is for, has not yet developed.

money market's slackness and with the lower bank rates, the lower classes are comparatively rich, as a result of the industrial activity caused by the manufacture of war munitions. These facts combined are expected to create an increase in the amount of postal savings, which is one of the safest means of keeping money.

Sino-Japanese Bank for Mukden.—Early in June, it was reported that a plan was being formulated among leading bankers in Tokio and Yokohama for the establishment of a bank in Mukden, which would act as the central monetary organ for Manchuria, in accordance with the contract the Bank of Chosen has recently entered into with the Mukden Treasury Department as one of the conditions of the recent Mukden loan, says the *Japan Daily Mail*.

On June 20th a conference was held by the promoters of the plan in Tokio, including the representative of the Bank of Chosen, Mr. J. Inouye, the President of the Yokohama Specie Bank, and others. According to a report to hand the bank thus to be established will be authorized to issue gold notes which will replace all previous issues by the Mukden native banks, and readjust the currency system in Manchuria, which is now so much depressed as unfavourably to affect trade in general.

The bank, if established, will have a capital of ¥5,000,000, which will be equally contributed by Japanese and Chinese capitalists, and will be styled the Sino-Japanese Bank.

The scheme of the Bank of Chosen to open a branch at Harbin has almost materialized, according to a despatch from Harbin, Mr. Abe, the manager of the proposed branch office, having already arrived there. The actual operations were to be begun by the bank about the middle of July.

Mr. Yamato discusses the proposition of establishing a Sino-Japanese bank as follows:

"The economic investigation committee in its meeting on June 23 passed a Bill that a Manchurian bank be established. At the same time a private bank with a capital of 5,000,000 yen is being planned by the Chinese and the Japanese in Manchuria. The object of the latter bank is to unify the currency system in Manchuria to facilitate the circulation of money. The Bill for establishing a Manchurian bank was introduced in the last session of the Diet. But the draft was unsatisfactory and although the Diet was not opposed to the principle the proposition was not carried through.

"The Government some years ago had a surplus of 100,000,000 yen in the treasury. At that time Baron Goto suggested that all of it be invested in establishing a big bank in China. His idea was that even if the bank should fail for any reason, money invested in China will produce fruits in some form or another, so that Japan would not lose anything after all. But the proposition of a Sino-Japanese bank, which was introduced in the Diet together with the Manchurian bank Bill in the last session, was not on so extensive a scale. It was because the Government has exhausted all of the surplus in the treasury that any big investment in such a bank was considered out of place. But to-day the Government has a big specie reserve. The suggestion to utilize the specie reserve as capital may give the Government an opportunity to invest it in such a bank. The Government should at any rate push the two bank Bills ahead."

Yokohama Wants Free Trade.—Reduction of import duties and the entire abolition of the tariff on some products are advocated in a recommendation passed by the Yokohama Chamber of Commerce for presentation to the Premier, the Minister of Finance, the Minister of Agriculture and Commerce and the Economic Affairs Investigation Committee. Following are the recommendations:

The Statutory Tariff on pig-iron, which now levies a duty of 10 sen per 100 *kin*, and the Conventional Tariff for the same at the rate of 83 sen should be abolished. Pig-iron, which is used in various kinds of machinery, and steel are so limited that the home production cannot meet the demands, the inevitable result being that we must look to foreign markets for supplies. It is most advisable that the Customs duties on these goods should be abolished, in order to develop domestic industries.

The Statutory Tariff on wire rod, which is levied at the rate of 90 sen per 100 *kin*, should be abolished. Wire-rod is used in the manufacture of steel wire and wire-rope, and is largely supplied by foreign countries. The wire-rope manufacturing industry in this country has made such progress of late years that not only are the demands here met by home-manufactured goods, but some of these goods are exported to foreign countries. Under these circumstances, the duties on these goods should be abolished with a view to developing the home industries. If the immediate abolition of the duty is impossible, at least a rebate duty should be allowed on the export of wire-rope by Japanese manufacturers.

The Statutory Tariff of 40 sen per 100 *kin* on lead should be abolished. The demands in this country for lead for the manufacture of paint, plates and pipes, is increasing annually, and yet the lead produced at home is inferior in quality and limited in quantity.

The Statutory Tariff of 78.80 yen per 100 *kin* on mosquito nets should be lowered to 39.50 yen, and the *ad valorem* duty of 30 per cent should be lowered to 15 per cent. Similar goods cannot be manufactured in Japan, and therefore this country must look to foreign countries for supplies. This material is chiefly used for the lining of straw hats, and if the consumption duties are added to the import dues the taxes thereon are very considerable.

The Statutory Tariff of 6 sen per 100 *kin* on rice bran should be abolished, and that of 30 sen per 100 *kin* on wheat bran lowered to 15 sen. It is difficult to understand why import duties are levied on rice bran, seeing that no duty is imposed on fertilizers. As regards wheat bran, this is used as food for poultry, and it is most advisable that the duty thereon should be lowered by one-half with a view to encouraging poultry-farming.

P. I. National Bank Statement.—The Philippine National Bank, although it did not open its doors for business in its regular quarters until July 22, has been doing a rushing business in temporary quarters, to judge from a statement of condition given out by President Willis of the institution, showing an increase of 148 per cent in assets since May 23, last. The loans and discount item has increased during the period from May 23 to July 15, from P5,460,641 to P6,472,677.76. Interest accrued receivable has decreased from P238,489.83 to P236,108.41. Cash on May 23, last was accounted for as follows: with insular treasurer and in banks, P5,571,505.07; due from branches, P562,777.35; and other assets, P4,305. In the statement just issued, the cash total has increased to P20,603,169.91, accounted for as follows: due from branches, P701,085.03; due from Manila banks, (clearing account), P2,226,953.34; due from banks and bankers, including the government funds deposits, P9,083,373.66; due from foreign banks, P4,187,616.65; in vault and with the insular treasurer, P4,404,141.23. Customers' liability is given as P647,950. During the interval the capital paid in has increased from P2,385,720, to P2,653,360, and deposits, including those of the insular government, from P9,184,155.56, to P26,342,783.16. The individual accounts now carried by the new bank total P2,885,028.32.

In resume, the statement points out that the total assets of the bank, as of May 23, 1916 were P11,800,000, while on July 15, last, they had increased to P29,300,000.

When President Willis was asked if he had any statement to make in connection with the figures given out, he replied that it was his belief that the figures spoke for themselves, and that there was really nothing that he would care to add.

P. I. Postal Savings.—As a result of the adoption of the administrative code by the Philippine legislature during its last session, the postal savings bank finds that it has an extra 10 per cent of the funds held by it on deposit to loan on improved real estate, for periods not to exceed five years. This amount approximates P430,000 according to a statement by Mr. Miller, head of the bank. Secretary of Commerce and Police Reed, who is a member of the postal savings bank board, stated that these funds must be invested in some manner, as depositors are being paid 2 ½ per cent interest on them, and if the people do not borrow it will be necessary to sink the money in bonds or other securities.

The new provision of the administrative code, stipulates that 50 instead of 40 per cent of the total deposits may be loaned on improved real estate. These loans are made for periods not to exceed five years, at rates of eight to 10 per cent per annum.

Capital Invested in Philippines.—Approximately P1,136,048,608.86 is the total amount of domestic and foreign capital invested in different industrial enterprises in the Philippine Islands, according to a statement prepared by the archives division for Secretary of Commerce and Police Reed. The total amount of capital stock of incorporated companies in the Islands reaches P2,098,488,733.54, representing 1,228 corporations. Of this total amount, about 50 per cent, equivalent to P1,344,460,912.75, has been subscribed.

The records compiled by the archives division since the date when the corporation law went into effect in the Philippines, show that 947 domestic corporations have filed articles at that office, representing a total capital stock of P153,534,167.74, and 281 foreign corporations capitalized at P1,944,954,565.80. Most of these corporations are mining, commercial, industrial and agricultural, though some are private in nature and consequently non-stock corporations.

Of the total capital actually invested in Philippine interests, P1,068,662,517.50 belongs to foreign corporations and individuals and approximately P67,386,091.36 is invested by the Filipinos and local residents.

Philippine Internal Revenue.—An increase of P1,692,572.35 over last year is shown in the Internal Revenue collections for the period from January 1 to June 30, 1916.

The increase would have been larger, officials state, had the revenue on manufactured cigars, tobacco, wines and matches maintained its usual standard. A falling off that cut the receipts P59,413.50 was recorded. Other increases served to balance the losses.

The following shows the collections made during the first six months of 1916, and the increase or decrease:

Coal and coke, P86,758.56, decrease P62,698.39; cinematograph films, P54,256.74, none collected during 1915; playing cards, P49,831.52, none collected during 1915; dealers in alcohol and tobacco products, P357,486.50, decrease, P31,917.00; merchants, manufacturers, common carriers, etc., P2,989,531.36, increase P827,905.99; occupations, trades, and professions, P445,891.99, decrease P4,766.89; cedulas, P3,630,004.00, increase P63,005.00;

income tax, P356,225.14, increase P58,510.35; banks and bankers, P159,558.09, increase P27,882.59; insurance companies, P43,339.84; and franchise taxes, P114,611.38, increase P3,540.15.

Hongkong Liquor and Opium Revenue.—

The report of the Superintendent of Imports and Exports for the year 1915, which was presented at the meeting of the Hongkong Legislative Council on July 13th, contains the following passages:—

The revenue collected from liquor duties and licensed warehouses for 1915 was \$626,574.97, as compared with \$656,955.89 in 1914. As was to be expected from the conditions at present obtaining in the Colony, the revenue derived from the duties on European liquors shows a further decrease. The revenue from Chinese liquors shows an increase, and, though the total amount collected was less than in 1913, it is satisfactory to note that the whole of the increase comes from the liquors sold by the local distilleries.

The Department continued to control the Opium Monopoly during the year. Raw opium was purchased at the Calcutta Auctions from time to time through the agency of Messrs. David Sassoon & Co., who also made all the necessary shipping arrangements. Mr. H. Alan Taylor continued in charge of the factory, and, though a few minor alterations have been introduced, the general procedure has remained unaltered. The total quantity of raw opium boiled including confiscated raw opium during the year was 345½ chests as compared with 449 in 1914. This reduction was due partly to the increase in price which was introduced in September, 1914, but the sales were also affected during the earlier part of the year by conditions attendant on the war. The arrangements for the packing and sale of prepared opium have continued to run smoothly, and every endeavour has been made to prevent the opium sold in the Colony being exported to neighbouring countries. The gross revenue from the Opium Monopoly was \$4,765,028.59, including the amount derived from fines and forfeitures.

MINING AND METALS

China Recoining Cash.—Japan's illegal exportation of Chinese Cash and the melting of the same for the metals contained in the coins has moved the Chinese governor of Mukden to take steps that will end the exportations and save to China the profits the Japanese were making. The cash is being gathered from Chinchow and other districts to Mukden where it is used for minting copper coins. Lately the buying operations have assumed a semi-compulsory aspect and any one found keeping copper cash concealed or refusing to sell it is in danger of punishment. The cash made in the Kangchi and Chienlung Eras (of the Manchu Dynasty) is said to be of the finest quality. It will be set apart for mixture in the manufacture of small silver coins. Naturally this activity of China in developing one of her resources has not been allowed to pass without comment by the Japanese whose itinerant cash buyers were reaping big profits in their illicit trade. The action of the Chinese has solved the problem of the frequent clashes of the police with Japanese cash buyers.

Filling Contracts for China.—Advices from Pittsburgh tell of a most important steel deal consummated in the Pittsburgh district in the taking over by the McClintic-Marshall Construction Company of the holdings of the Riter-Conley Manufacturing Company, at Leetsdale, Pa. Included in the transaction are sixty-five acres lying between the Ohio River

and the Pittsburgh, Fort Wayne & Chicago Railroad, and the largest plant in the world devoted to steel-plate construction. One of the main buildings covers eight acres.

The Riter-Conley Company, it is understood, was engaged in filling important contracts for China. The consolidation gives the McClintic-Marshall Company a capacity of 275,000 tons of finished structural work a year. The monetary consideration was not made public.

Chinese Ordering Steel.—A radical step in the development of the Chinese iron and steel industry is reflected in the mission to the United States of Gee Sing Sam of Canton, China, who is reported to be in Pittsburgh trying to negotiate for the purchase of iron, steel and railway supplies to the amount of \$3,000,000. Mr. Gee said that he was representing a Chinese syndicate which has been seeking to purchase enormous quantities of machinery and supplies in Pittsburgh, Chicago, and other cities. He was asked whether he represented the Chinese government. He replied that he could not say.

Expansion by Chinese iron and steel industries has been foreseen for years by authorities who know of China's wealth in natural resources. It has been emphasized that not even a high tariff can protect American iron and steel industries from destructive competition by the Chinese. One instance is cited of the Han Yeh-ping Works in Hankow, China, which sold pig iron in Brooklyn, N. Y., at \$4 a ton less than Pittsburgh could produce and deliver it. This was attributed to the cheapness of labor in China. Common laborers in the iron and steel industries are paid 10 cents a day in wages and skilled laborers 37½ cents, according to Congressman Richard W. Austin of Tennessee. Mr. Gee said that he had been able to negotiate for large purchases, but that he had experienced serious difficulty in arranging for deliveries.

China Would Hold Cash.—Of late many Japanese have been engaged in the purchase and destruction of Chinese copper coins in order to export the metals to foreign countries, and have realized great profit in the business. Lately the Chinese Ministry of Foreign Affairs received a report from the Special Diplomatic Delegate at Kirin to the effect that Yuan-chung Co. and three other Japanese firms there had tried to export 458 packages of copper, 8 or 9 per cent. of which bore clearly the mark of destroyed coins, and that when confiscated by the authorities the Japanese Consul of the port protested and demanded that the goods be returned to the firms. In view of the above incident the Ministry of Finance has issued a circular instruction to the provinces and Customs authorities to the effect that, according to the precedent established in the 12th month of the 4th Year of Min Kuo when a large quantity of copper which bore the mark of destroyed subsidiary coins of this country owned by Japanese merchants was confiscated by Tientsin Customs, that hereafter all such goods should be confiscated as soon as they are discovered.

The part played by these Chinese cash in Japan's copper trade can be seen from the following U. S. Consular Report:

The Mainichi, of Osaka, states that last year's exports of copper from Japan amounted to 60,000 tons, of which 30,000 tons were consigned to Russia, whereas the amount of its production was also 60,000 tons, of which 40,000 tons represent domestic consumption. While the quantity of copper available for export was no more than 20,000 tons, total exports were 40,000 tons greater. The explanation lies in the enormous imports of coins, principally from China and in a small measure from Korea, which are melted down and refined. The Chinese "cash" coin, continues the Osaka paper, is chiefly imported from Tsingtau. From this coin are extracted not only copper but also the more valuable tin and

a considerable percentage of zinc. These coins have been hoarded up for centuries in China and are almost inexhaustible. A foreign calculation, however, adds the Mainichi, puts the total quantity of "cash" in China at 200,000 tons.

China's Hardware Trade.—The United States has an opportunity to take the hardware trade of China, formerly practically monopolized by Germany, was the statement of N. C. Chu, a Hongkong merchant, to a reporter of the New York Sun. Mr. Chu said he was in the United States representing the China Agency and Trading Company, Inc., an association of San Francisco, Hongkong, Shanghai and Canton merchants who deal in hardware.

"Germany supplied China with the bulk of the hardware used in that country," said Mr. Chu. "The amount has steadily been growing until it is worth about \$30,000,000 a year, confined principally to building and machine tools. Germany no longer sends us these goods, and the one country able to do it now is the United States. I am here in this country now to interest your manufacturers in the project, and I am very much pleased at the reception your business men are giving me, as well as your Government. All seem anxious to acquire the trade and show a disposition to do what is necessary to retain it. There is no reason whatsoever why they cannot get the trade now and keep it. I will see members of your hardware industry during the week I am here and then visit the other cities."

High Price of Silver.—Commenting on the record price reached by silver in May, the Engineering and Mining Journal in a recent issue says:

About a month ago we recorded a sharp advance in the price of silver, which carried it up above 60c per ounce in New York, the highest point reached since the beginning of the war period. For a large part of April the price held between 62 and 65c, but there has been another sharp advance and it is now selling at 77¼c per ounce, which is the highest price on record for over 20 years. The nearest approach was in November, 1906, when it sold for a short time between 71 and 72c, that price being followed by a rapid fall.

The present advance is peculiar in that it is not the result of a heavy demand from the East. China has been taking a little more silver than for some months past, but the exports to India during the first quarter of 1916 have shown a very considerable decrease from last year. The present advance seems to be due to two causes, one being the unprecedented demand from the European mints. The English mint has been a heavy buyer, and large quantities have been taken by France and Russia. The silver coinage now being put out in Europe is on an unprecedented scale. The exigencies of the war have practically eliminated gold from circulation abroad. Some coin was needed to meet the requirements of the people largely accustomed to a metallic currency, and in addition to this a great amount has been used in paying the soldiers of the different nations.

The other cause for the rise has been the fact that stocks available are not large and that the offerings of silver have been unusually light. The main supply of the London market has come from the United States and Canada for some time past, and holders there have not been overliberal in their offers. The supply from Mexico has been less than usual owing to the troubles in that country, which have interfered very much with mining activity, and no new source of supply has come forward. Production in the United States and Canada has not fallen off to any great extent but the producers and owners seem to have held back as much as possible and have not pressed their metal for sale.

The demand for silver for use in the arts has been very good in the United States for

some months past. In Europe, of course, the industries using silver have been kept back by the war. The indications are that the present demand will continue strong for some time to come and that prices will be well maintained, although there may be some reaction from the present high level. Moreover, there are fair promises of a good demand from the Far East, which may become a large demand if business in China becomes more settled.

Mitsui Buys Iron Mine.—The Nagasaki Press says that the Mitsui Company's mining department has acquired the Kuchiyasu iron mine in Hokkaido for four million yen. The ore is to be supplied, on a ten years' contract, to a foundry to be established in Kyushu, at the rate of 100,000 tons per annum. Supplies will also be made to the Hokkaido Steamship-Colliery Company's iron works and it is rumored that the owners may start a foundry.

Demand for Manchurian Coal.—The demand for Fushun coal by Russia is increasing and the Chinese Eastern Railway authorities have decided to use Manchurian coal in place of wood, an agreement having already been concluded with the South Manchuria Railway Company, which owns the collieries. The supply to North Manchuria will then exceed 100,000 tons per annum. Another big order has been given by Russia and the South Manchuria Railway is preparing to meet further demands.

World's Silver Output.—The silver production of the world has averaged about 200,000,000 oz. per annum, worth approximately \$100,000,000, since 1900. This compares with an average annual output of gold during the same period of more than \$400,000,000, or four times the annual value of the silver. The world's output of silver in 1915 is estimated at 196,000,000 oz., of which the United States produced about one-third, Mexico, Central and South America another third, and Canada one-seventh, the remainder being contributed by Australia, Japan, and other countries. The figures for the world's yearly production of silver since 1860, issued by the Director of the U. S. Mint, show that the increase has been gradual, from 29,095,428 oz. worth \$39,337,000 in 1860 to 211,339,749 oz. worth \$116,849,900 in 1914. But from 1893 to 1906 the output remained practically at a standstill; in fact, the production in 1893 was worth slightly more than that of 1906, the value being \$129,119,900 in 1893 against \$111,721,100 in 1906 for approximately 165,000,000 oz. in both years. This was due to the decline in the silver market. In 1912, when the production of silver reached 224,310,654 oz. worth \$137,883,800, the value was but little greater than in 1891, when the output of 137,170,000 oz. was worth \$135,500,200. The recent rise in the price of silver was explained in a nutshell by Samuel Montagu & Co. of London, as follows: "The quotation fell quite as heavily when silver was demonetized upon a large scale; now an exactly reverse operation is taking place. Silver is being monetized upon a large scale."

Outlook for Silver.—While silver prices are fairly high, those who watch the market may note by the fluctuations that it is extremely sensitive. According to Messrs. Pixley & Abell of London, China and India are still the cause of weakness, and sales from one or other of these quarters have been in evidence almost daily, with the result that large buying orders for coinage have been easily filled. The immediate future is most difficult to forecast. Looking farther ahead the prospects statistically seem favorable for the following reasons:

(1) The low level that the stock of rupees in the currency reserve of India has reached, in spite of purchases amounting to some

millions sterling, a good deal of which has already passed into currency, points to a continuous drain on this reserve, and it seems probable that the Indian government will have to continue coining for some time to come. (2) The British mint's requirements will probably continue. This year £2,200,000 has been absorbed for coinage in England. (3) The demand for silver by the Allies is likely to be maintained so long as the War lasts. In spite of important purchases, the stock of silver in the Bank of France has been reduced by £1,000,000 during the past year. (4) The probability of the retention in the country of a large portion of the Mexican production for the purpose of re-establishing the currency. (5) It is questionable whether China, having already sold such large amounts of silver, is in a position to part with much more. According to recent advices the stock of 'sycee' (60-oz. bars) in Shanghai is reduced to 26,000,000 taels (35,500,000 ounces). (6) The world's production of silver is decreasing. In 1915 the total production was estimated at 196,000,000 fine ounces, against 211,000,000 in 1914. For these reasons the future of the market, from a purely statistical point of view, seems favorable.

Egypt as Silver Factor.—Regarding Egypt as a factor in silver, the Egyptian correspondent of the *Pioneer Mail*, on March 10, wrote as follows: "Every year we have a silver 'crisis,' usually in the early autumn, when large numbers of laborers have to be paid daily throughout the country in connection with the cotton crop; but the crisis usually is over by Christmas, being met by imports of newly minted coin that has to be obtained in ordinary course. The War has, however, completely changed the situation. The increase in the army has necessitated the putting into circulation of far more nickel and silver currency than ever before, and the financial authorities took early steps to obtain the necessary extra supply. Things would not have been so bad if the shipments in the *Persia* and the *Maloja* had not been lost. During 1915 new coin to the value of £720,000 was imported, whereas the average of the preceding five years had only been £140,000, and the previous recorded maximum annual import was £694,000 in 1896, when the system was remodelled. The Sudan, it should be mentioned, uses the same currency as Egypt and a good deal of British gold and Egyptian silver remains every year in the interior of that dependency. India appears to have been the only part of the Empire that had any silver coin to spare, and by special arrangement the Egyptian government imported a certain quantity of silver rupees, which, it is stated, have now been declared legal currency in the country. Whether in order to facilitate trade between Egypt and the Sudan, they will also be made legal currency in the latter dependency, is not known."

Changsha's Antimony Trade.—Compared with previous year's figures, the export of all ores considerably decreased, in 1915. Antimony ore dropped from 156,979 to 15,221 piculs, lead ore from 66,251 to 3,461 piculs, and zinc ore from 211,630 to 92,139 piculs. The drop in the export of antimony ore may be explained by the fact that the good profits of the trade stimulated the antimony merchants to put in smelting plants locally, and large quantities of oxide ores were smelted into regulus.

Nearly all the sulphide ores of higher percentage were turned into crude antimony and nearly all the low-grade ores and part of the refuse into trioxide and regulus. Some big lots of oxide ores and refuse were shipped to Hankow but only to be smelted there into regulus. Thus, as a consequence of the war in Europe, one year was sufficient to transform China, hitherto one of the great exporters of ores, into the greatest producer of antimony metal. In future this will have its influence on the world market, as China, by its produc-

tion of metal, will be one of the deciding factors in fixing the prices.

The production of ores reached its highest point in the first half of the year; then owing to the feverish haste with which mines were worked, difficulties arose in many mines, and the output was slowly decreased, but was balanced again at the end of the year by the output of many mines which had been developed during that time.

Japan as Zinc Smelter.—The outbreak of the European war has brought about a marvellous change in various lines of domestic trade, especially in the zinc industry. At one time Japan exported zinc ore to Germany and Belgium in large quantities, and then imported refined zinc from these countries. Since the opening of hostilities, however, Japan has imported large quantities of zinc ore from Siberia, Australia, French Indo-China and other countries. The imports during the first half of the present year are estimated to have reached 40,000 tons. The shipments of zinc from Japan during last year amounted to 15,000 tons, valued at 10,000,000 yen. The following table shows the imports to Japan during the past four years:—

| | Quantity. Tons. | Value. Yen. |
|-------------|--------------------|----------------|
| 1912 | 10,946 | 3,327,801 |
| 1913 | 10,836 | 3,054,067 |
| 1914 | 5,744 | 1,542,928 |
| 1915 | 3,438 | 1,593,445 |

The following table shows the export of zinc-ore from Japan during the same period:—

| | Quantity. Tons. | Value. Yen. |
|-------------|--------------------|----------------|
| 1912 | 30,408 | 937,302 |
| 1913 | 27,166 | 943,271 |
| 1914 | 14,043 | 470,251 |
| 1915 | 6,080 | 360,774 |

Mining in Sea Bottom.—Mr. Nakahara who had been endeavouring to build a machine which will fish up metals from the bottom of the sea, especially shells fired from warships during target practice, has completed his invention and it was recently given a trial on the *Sumida*. The machine is provided with a powerful electro-magnetic stone, which is let down to the bed of the sea, and has an arrangement like an automatic telephone receiver that gives a signal when the stone comes in touch with the objects searched for. The trial was successful, the machine locating and bringing to the surface nine-inch and ten-inch projectiles which had been thrown into the river. It is estimated by some naval men that something like 600,000 shells lie scattered at the bottom of Ise and Hiroshima Bays, the naval target grounds. These shells, at the present price of scrap iron alone, should be worth a matter of six million yen. A plan is now on foot to recover them by the use of Mr. Nakahara's machine.

Gold from Chosen.—The total amount of gold bullion purchased by the Bank of Chosen and its branches in Chosen during May last was 263,661 momme, worth 1,078,215 yen, showing a considerable increase as against the preceding month. The gold bullion purchased by the bank during the five months ending May last amount to 1,160 *kwan* 641 momme, worth 4,546,038 yen. The figures represent an increase of 1,160,000 yen in value as compared with the returns for the corresponding period of last year.

Tin Mining in Perak.—The Perak administration's report on Kinta states that 393 applications covering an area of 9,402 acres were received in 1915. Of these, 196 comprising 4,795 acres were approved, 115 were refused, and at the close of the year 126 were awaiting decision. Alienations of mining land amounted to 6,427 acres, of which 388 acres

represent conversions, and 3,316 acres renewals or re-alienations of old leases. Fifty-one prospecting licenses were issued over 8,830 acres. Under twenty-four of these selections up to 1,642 acres were made; at the close of the year thirty-one licences were still extant. Forfeiture proceedings were instituted against 1,031 leases; of these, 323, with an approximate area of 6,086 acres, were cancelled.

Storage for Iron Ore.—The Mitsu Bishi Kaisha has leased a large piece of foreshore land, a little below the Wuhu Foreign Settlement immediately above the Standard Oil Company's tanks, as no suitable foreshore site was available in the Foreign Settlement. It intends to erect storage godowns on it for iron ore brought down from the Tayeh mines in lighters towed by tugs and to load the ore on steamers from the depot during low-water season, when they cannot proceed above Wuhu for transport to the Yawata Ironworks at Moji.

The Mitsubishi Mining Department is reported to have purchased a large plot of ground at Naojima, a little island near the mouth of the port of Uno, Okayama prefecture, where a big copper refining works, costing Y.1,000,000 will be erected.

At the new works all the output at the Ikuno Mine will be refined, while at Ikuno only tin ores will be refined as at present.

F. M. S. Tin Export Returns.—Advance statement of block tin and tin ore exported, approximate value (in Singapore) and duty collected, during the months of January to June, 1916, and comparison with the corresponding period of previous year is as follows.

| Block Tin. | | Tin Ore (70 per cent. of gross weight.) | |
|----------------|----------------|---|---------------------------|
| 1916. pkls. | 1915. pkls. | 1916. pkls. | 1915. pkls. |
| 39,119 | 34,281 | 325,863 | 357,455 |
| Total Tin. | | Total Approximate Value (in Singa- pore.) | |
| pkls. | pkls. | | |
| Total ... | 364,982 | 391,737 | \$32,899,476 \$30,912,775 |

It is stated that there is a continued inflow of orders into Japan for galvanized iron plate from India and the South Seas. One firm has recently received two such orders for 45,000 pieces and is now making shipments. The annual demand for galvanized iron plate in India and the South Seas in usual times is estimated at 250,000 tons, which has decreased to about 100,000 tons since the war.

Nagasaki Coal Mine Destroyed.—Advices from Nagasaki say that the Takashima coal mine owned by the Mitsu Bishi Co. has been almost completely destroyed by fire. The fire started in the pit on July 16 and has been spreading ever since. As a final means of extinguishing it the mouth of the pit was sealed on Friday. The fire inside the pit will be left to burn itself out. It is said that the quantity of coal remaining in the mine is not great, so the mine may be given up.

Benguet P. I. Gold Output.—Gold mining in the Philippines is coming into its own, according to reports received from the various mining projects now in operation throughout the islands. The Benguet Consolidated Mining company, milled during the first half of 1916, 8,030 tons of ore and recovered bullion of the value of P280,973.28, or an average recovery of P35 per ton. The Consolidated is at the present time in excellent condition and expects to pay large dividends from its future workings.

Japanese Inspect P. I. Deposits.—Reports received from the senior inspector of con-

stabulary of Ilocos Norte, bring the information that three Japanese prospectors visited that province in June, to inspect the manganese deposits at Punta Negra and Punta Blanca, Pasuquin, and other deposits located east of Davila of the same municipality.

These prospectors were Y. Mikami, a representative of Ohta & company and two assistant engineers, K. Isujimo and I. Kasaska.

Siberian Iron-ore Region.—The iron deposits in the basin of the River Telbess, right tributary of the River Kondoma, flowing into Tom River opposite the city of Kuznetsk, Siberia, have been known since the last century, but not until recently was the region surveyed. In 1913 it was turned over by Crown Land Administration to the Kuznetsk Coal Mine Joint-Stock Co., which undertook a careful study of the region with the view of establishing a large iron foundry and works.

Prof. P. P. Gudkoff was engaged to do the work and some of the results are already published. Over 10 independent iron deposits were discovered in the region. The main deposit is situated on the right bank of the Telbess River, some 5 miles from its influx into the Kondoma River; it is of an eruptive nature and consists mainly of granodiorite, quartz, porphyrites, and melaphyre, with secondary strata of crystalline limestone, hornblende, slate, etc. The normal sedimentary strata were discovered only to the north of the region, where the Telbess iron region is separated from the Kuznetsk coal region.

The volume of ore uncovered at the Telbess deposit proper amounts to 3,611,412 tons of 58 per cent ore and 3,069,700 tons of poorer ore; and at the so-called Temir-Tau deposit to 7,222,824 tons of 54 per cent ore and 1,305,706 tons of poorer ore. Studies of other deposits of the region in 1915 indicate that the total deposit amounts to 27,087,396 tons of ore.

NAVAL AND AVIATION PROJECTS

China's Aeroplane Factory.—According to American press correspondence from Peking, two American and two German engineers have been engaged by the Chinese government to establish an aeroplane factory, which will be located in Honan Province.

Japan to Build two Aerodromes.—Two new aerodromes, one military and one naval, will be built, according to the Japanese Government. The former will be located at Narashino in Chiba prefecture, and the latter at the sea shore at Kagamiga-ura in the Bay of Tateyama. The military air corps is preparing to study a combined action of aeroplanes with cavalry and artillery actions in time of war, but the aerodrome at Tokorozawa lacks conveniences for this purpose, so the authorities have selected grounds at Narashino for the new aerodrome. Sheds are now being made there, and the ground will shortly be opened for service. The naval air corps, too, has felt the necessity of a bigger aerodrome, and found ground along the sea-shore at Kagamiga-ura in Takeyama bay in Chiba prefecture. The ground there is now being purchased by the naval authorities.

Japan to Spend 1,000,000 yen for Aviation.—In the estimates of the War Office for the next fiscal year, the appropriation for the Aviation Corps is one million yen, an increase of 400,000 yen compared with the current fiscal year. With this increased outlay the

War Department will build about ten aeroplanes, some sheds and another aviation ground in addition to the one at Tokorozawa.

Japan Building Destroyer.—At the Maizuru Naval Dockyard the keel of the destroyer Hinoki, 600 tons, was laid recently with the usual ceremony. This destroyer, together with the Kashi, a destroyer of the same dimensions, the keel of which was laid down in February, is to be launched in October next.

Japan's Biggest Warship.—The Naval Office has given specifications to the Kure arsenal for the construction of the largest battleship in Japan. The displacement of the vessel, the Nagato, will be 32,000 tons and the speed 24 knots. The battleship will be equipped with twelve 15-inch guns. In comparison with the Fuso, the present largest battleship in Japan, the new one is of 1,400 tons more displacement and has two knots greater speed. The one most noticeable change in the new battleship is the increase from 14-inch to 15-inch guns and the improved equipment for defense against torpedoes.

Japan Decides on Naval Plans.—Following negotiations between the Minister of Marine and the Minister of Finance the last few weeks, it has been decided that the total appropriation for the naval construction program, a part of which was approved in the last session of the Imperial Diet, should be mentioned in the Government's estimates for the next fiscal year.

This program, which includes several super-dreadnoughts, battle-cruisers and other vessels, is expected to reach completion by 1923-4. The construction of one super-dreadnought and some other vessels was approved by the Diet in the last session. At that time the rest of the program was kept secret, and the members of the House of Peers demanded that the Government announce the full program in the next sessions.

RIVERS, HARBOURS AND IRRIGATION

Calbayog P. I. Jetty Started.—Work has actually commenced on the Calbayog jetty, 536 metric tons of material having been placed during May. The contract was originally entered into with J. E. Ainsworth, deceased, and transferred by the estate to Kipp and York, a contracting firm of Cebu.

Dredging at Corregidor.—Under date of May 29, 1916, the military authorities requested that the Bureau of Public Works dredge approximately 43,000 cubic yards of material adjacent to the military wharves at Fort Mills, Corregidor Island. The acting secretary of commerce and police has authorized this bureau to do the work on the basis of actual cost plus 10 per cent, bills to be rendered monthly to the coast defense quartermaster at Fort Mills. This work will be undertaken immediately.

Owing to the limited amount of insular funds available for dredging, a considerable part of the port works equipment would have otherwise remained idle during the remainder of this year. The arrangement made with the military will enable the bureau to maintain this equipment during the period of operation and at the same time have the item of depreciation covered through the 10 per cent allowance over the actual cost of operation.